

# DAILY REPORT

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Vol IV No 134

12 July 1985

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FURTHER ON ASEAN FOREIGN MINISTERS CONFERENCE

## EEC Agrees to Joint Fund

BK111327 Kuala Lumpur Domestic Service in Malay 1230 GMT 11 Jul 85

[Excerpts] Malaysia is greatly concerned over increasing drug abuse. Accordingly, stern action has been taken against drug traffickers through the imposition of death sentences. Drug abuse has caused national disorder in the past few years. The prime minister was explaining the issue of six ASEAN foreign ministers and their counterparts from the dialogue partners.

During the dialogue, all the EEC member countries agreed to endorse an agreement to establish a joint fund of goods. Luxembourg Secretary of State for External Affairs Mr Robert Goebbels said that the EEC hoped the fund will be a project under the aegis of UNCTAD. UNCTAD hopes the fund will be operational as soon as possible.

## Pacific Rim Cooperation Limited

HK111424 Hong Kong AFP in English 1341 GMT 11 Jul 85

[Text] Kuala Lumpur, July 11 (AFP) -- The Association of Southeast Asian Nations (ASEAN) will limit proposed expansion of cooperation with Pacific Rim countries to a training scheme for the time being, the Malaysian foreign minister said today. "We (ASEAN) are not ready for any cooperation that will lead to a formal Pacific basin community," Tengku Ahmad Rithauddeen told reporters.

Malaysia had resisted an Indonesia proposal that ASEAN forge economic links with Pacific Rim countries -- including the United States and Japan -- as a group rather than individually, saying this might be seen as a move toward a new strategic alliance.

Malaysia and the other ASEAN countries have, however, agreed to participate in a human resources development project aimed at training ASEAN personnel in several fields to transfer expertise, Mr Rithauddeen said.

ASEAN members -- Brunei, Indonesia, Malaysia, the Philippines, Singapore and Thailand -- were not happy, he said, with the proposal that they cooperate as a group with their industrialized allies -- the United States, Japan, Australia, Canada, the European Economic Community and New Zealand. Any cooperation "must be done at six-plus-one," he said, referring to a formula for cooperation between the six ASEAN members en bloc and a single ally at a time.

Yesterday, Indonesian Foreign Minister Mokhtar Kusumaatmaja described the "six-plus-five" proposal as informal talks amounting to a "bull session" with no official records.

The five countries referred to are the United States, Canada, Japan, Australia and New Zealand, who along with the European Community, currently enjoy a special consultative relationship with ASEAN as "dialogue partners," and are now represented here by their foreign ministers for annual dialogue.



## SRV Said To Need More Details

BK120141 Bangkok BANGKOK POST in English 12 Jul 85 pp 1, 3

[Excerpt] Vietnam said yesterday that it has not formally rejected ASEAN's proposed "modified" proximity talks and has asked for further details and clarifications, Malaysian Foreign Minister Tengku Ahmad Rithauddeen told the BANGKOK POST last night.

Speaking at a dinner hosted by Malaysian Prime Minister Mahathir Mohamed, Mr Rithauddeen said that Nguyen Can, the Vietnamese ambassador to Malaysia, informed him of Hanoi's decision at the Foreign Ministry yesterday.

Mr Rithauddeen said the ambassador told him that "Vietnam needs more details and clarification" as to what proximity talks meant.

"They have not formally rejected the proposal," he said.

Asked if this was a positive sign from Hanoi, Mr Rithauddeen said "it's too early to tell."

The Malaysian foreign minister added that he had not yet informed his ASEAN colleagues about the matter, adding that he intended doing so today.

He also hinted that he would inform the dialogue partners -- the United States, Australia, New Zealand, Canada, Japan and the European Community -- of this latest development today.

Foreign Minister ACM [Air Chief Marshal] Sitthi Sawetsila told the POST last night that he had not yet been informed of Hanoi's decision, but added that if it is true "it's good."

Earlier Western delegations attending the meet had said that Hanoi's rejection had made the plan a nonstarter.

U.S. Secretary of State George Shultz, who had already voiced reservations about the plan, stopped short of outright endorsement for the proximity talks and Japan appeared to be diplomatically keeping its distance, while not dismissing the plan outright. Mr Shultz encouraged ASEAN to persist in its efforts.

Malaysian Deputy Foreign Minister Abdul Kadir bin-Haji Sheikh Fadzir said that although he did not know about Hanoi's reply to the ASEAN proposal "Vietnam has stated many times that it is interested in a solution to the problem through negotiations.

"It is only fair that they give deep thought to this proposal of ASEAN. We didn't pull it out of the hat like that. It is a formula we had thought about for a long time and a lot of soul-searching had gone into it," Mr Kadir said.

Mr Kadir said if the Vietnamese response were true then he thought the development "was extremely encouraging," adding "this is the spirit that we want Vietnam to show."

## Hayden Talks With Ministers

BK120741 Melbourne Overseas Service in English 0430 GMT 12 Jul 85

[Text] Australia and the Association of Southeast Asian Nations, ASEAN, have agreed to maintain close contact and cooperation to protect their respective interests in the proposed multilateral trade negotiations. The two sides called for an early date for the new round of trade talks, stressing the importance of including agricultural commodities in the discussions.

Agreement to work together was reached at a meeting in Kuala Lumpur between the Australian foreign affairs minister, Mr Hayden, and the six foreign ministers of ASEAN countries.

A spokesman for the Australian Foreign Affairs Department, said Mr Hayden had told his ASEAN counterparts that it was important for ASEAN and Australia to adopt the regional approach to the multilateral trade negotiations. The ASEAN ministers reiterated their call for greater access for ASEAN goods in Australia. Mr Hayden pointed out that more than 80 percent of ASEAN exports to Australia entered the country without tariffs.

## U.S. Asked To Drop Textile Act

HK120601 Hong Kong AFP in English 0553 GMT 12 Jul 85

[Text] Kuala Lumpur, July 12 (AFP) -- The Association of Southeast Asian Nations (ASEAN) today sought U.S. backing for more liberal tariffs on its major exports at a Washington-proposed new round of multi-lateral trade negotiations. Acting Philippine Foreign Minister Pacifico Castro said at ASEAN's annual talks with the United States here that these "special interest" exports included agricultural commodities, tropical products and textiles.

U.S. Secretary of State George Shultz heads the American delegation to the talks with the foreign ministers of the six ASEAN countries -- Malaysia, Thailand, the Philippines, Indonesia, Brunei and Singapore.

Mr. Castro, who coordinates the ASEAN-U.S. dialogue, asked Washington to drop a textile and apparel enforcement act of 1985, now under consideration by Congress because "this bill contravenes the letter and spirit of the multi-fibre agreement and bilateral textile agreements." He said ASEAN would appreciate advance warning whenever its interest might be affected by U.S. policy changes.

Mr. Castro also said that ASEAN hoped the recent drop in the U.S. prime rate would result in lower interest rates on money ASEAN countries borrowed for development and would increase capital flow into the region.

## Abe, Shultz Discuss Trade

OW121201 Tokyo KYODO in English 1138 GMT 12 Jul 85

[Text] Kuala Lumpur, July 12 (KYODO -- U.S. Secretary of State George Shultz demanded here Friday that Japan exert further effort in opening up its markets for foreign goods by lowering tariffs, particularly for lumber, grapefruit, chocolate and aluminum products.

According to Japanese officials, the demand came when Shultz met with Japanese Foreign Minister Abe at a hotel here for one and half hours of talks. Both are currently visiting here to attend a meeting with their Southeast Asian counterparts.

The officials said that Shultz expressed his appreciation of the recent Japanese effort in announcing the initial part of the "action program" for opening its market wider for imported goods. But he specifically demanded that Japan also reduce its import tariff on lumber as a step toward rectifying the trade balance which is very much in favor of Japan.

Shultz also expressed the hope that Japan would give priority to the lowering of import tariff rates for grapefruit, chocolate and aluminum products in completing the action program, the officials said.

Touching on Japanese quality standards and approval systems for imported goods, Shultz proposed that the requirements for products imported into Japan in bulk be confined to the protection of consumers and to equal treatment in terms of advertising, according to the officials. They said Abe replied that it would be difficult for Japan to meet the request regarding lumber. For grapefruit, chocolate and aluminum products, Japan is doing as much as it can, Abe was quoted as saying.

Besides the trade issue, the officials said that Shultz also asked Abe that Japan make further efforts in building up its defense ability.

KATO REPLIES TO U.S. CALL FOR DEFENSE BUILDUP

OW120457 Tokyo KYODO in English 0550 GMT 12 Jul 85

[Text] Tokyo, July 12 KYODO -- Defense chief Koichi Kato said Friday that Japan's defense policy remains unchanged despite a U.S. congressional call for further Japanese defense buildup efforts. Noting that the U.S. Congress takes joint action with the government in coping with an emergency, Kato said it is natural for the American legislative body to express its view on defense. However, the director general of the Defense Agency said the Japanese Government policy of independently deciding its defense measures remains unchanged.

NAKASONE DENIES LE FIGARO ON DEFENSE CEILING

OW120807 Tokyo KYODO in English 0755 GMT 12 Jul 85

[Text] Tokyo, July 12 KYODO -- Prime Minister Yasuhiro Nakasone Friday denied French newspaper LE FIGARO's report that he said Japan's defense budget would exceed the current ceiling limiting it to below 1 percent of the country's gross national product. He made the denial in reply to newsmen Friday afternoon. Nakasone's aides said he sent a written denial to the French daily.

LE FIGARO had questioned whether Japan's defense spending would exceed the 1 percent-of-GNP limit this year for the first time, the aides said. In reply, Nakasone only said that Japan's GNP is very high and that its defense ability is being improved, the aides said. The aides claim that the French newspaper mistook the question for the answer.

MITI REACTS TO BUSH STATEMENT ON TRADE ISSUE

OW120521 Tokyo KYODO in English 0510 GMT 12 Jul 85

[Text] Tokyo, July 12 KYODO -- The Ministry of International Trade and Industry (MITI) said Friday that the statement by U.S. Vice President George Bush urging prompt market-opening action by Japan may be intended to put pressure on the Japanese Government, which is in the final stage of working out an action program on the matter. Bush said "it's no longer a time for talks" at the National Press Club in Washington Thursday, criticizing the allegedly closed nature of the Japanese market. MITI officials said they will "study" the comment thoroughly, and will keep a watchful eye on the U.S. Government's moves toward this fall in view of rising criticism against Japan in the U.S. Congress.

Meanwhile, the Foreign Ministry took Bush's remarks to reflect U.S. frustration over the yawning trade gap with Japan, a senior ministry official said. The ministry will step up its cooperation with MITI, the Agriculture, Forestry and Fisheries Ministry and other government departments to make the scheduled market-opening action program as effective as possible, he said. Officials at its North American bureau said the U.S. criticism against Japan might come to a head this fall in the form of the U.S. imposing economic sanctions should Japan fail to come up with drastic market-opening measures. Such a situation, if it occurred, might affect next May's Tokyo summit of seven industrial democracies, they said. The ministry hopes to urge the ministries and agencies concerned to redouble their efforts on the action program, the officials said. It will seek U.S. understanding of Japan's market-opening effort when U.S. Trade Representative Clayton Yeutter visits Japan early next month, they added.



CAR MAKERS TO INCREASE U.S. 'LOCAL CONTENT'

OW120015 Tokyo KYODO in English 0002 GMT 12 Jul 85

[Text] Tokyo, July 12 KYODO -- Major Japanese automakers producing or planning to produce cars in the United States intend to increase the proportion of locally procured auto parts -- the so-called "local content" ratio -- in an effort to forestall friction with U.S. makers, industry sources said Friday. Their target is to raise the ratio to at least 50 percent while watching moves in the U.S. concerning the proposed "local content" bill so that their products in the U.S. will be regarded as American-made cars, the sources said. The bill would make it mandatory to use a certain percentage of American-made parts.

Current indications are that the bill is unlikely to be enacted in the near future. But Japanese automakers are concerned that U.S. makers will call for early enactment of the legislation and stepped-up use of American-made parts in the future as the share of Japanese-made passenger cars of 2,000 cc or less, including those assembled in the U.S., is approaching 50 percent. The U.S. market for small cars of this category is estimated at five million cars a year.

Honda Motor Co., forging ahead of other Japanese automakers in U.S. production, recently announced that it will start to make engines in the U.S. next year. The firm turned out about 130,000 cars in the U.S. last year and its second U.S. plant will go into operation this autumn. Honda said it plans to increase the "local content" ratio to much more than 50 percent in three years from now, when its car output in the U.S. will reach 300,000 cars a year.

Nissan Motor Co., which started car production in the U.S. in March this year, also said it is preparing to achieve a "local content" ratio of more than 50 percent. It plans to increase its "Sunny" model output in the U.S. to about 120,000 cars within two years.

Mazda Motor Corp., which plans to start assembling cars in the U.S. in two years, said that its initial "local content" ratio of about 30 percent will be increased to more than 50 percent as soon as possible. Mazda's plans call for production of about 240,000 cars in the U.S.

MIYAMOTO, USSR'S VOSS ADDRESS ANTINUCLEAR FORUM

OW100945 Tokyo KYODO in English 0717 GMT 10 Jul 85

[Text] Tokyo, July 10 KYODO -- Kenji Miyamoto, leader of the Japan Communist Party (JCP), Wednesday made his opening speech to start the party's International Anti-Nuclear Symposium attended by 27 communist parties from around the world. Frankly speaking, the world's anti-nuclear movements are at varying stages of development and sometimes differ in viewpoint, Miyamoto said in the speech at Nihon Seinenkan Hall, but it is possible for all of us to cooperate as nuclear weapons are manmade. Miyamoto underwent a polyp operation late last month, and this was his first public appearance since then.

Nuclear weapons can not naturally exist with humankind, Miyamoto added, stressing that he believes in the possibility of legislation for total elimination of nuclear weapons. About 40 representatives have gathered for the four-day symposium from the communist parties of 27 nations. JCP Presidium Chairman Tetsuzo Fuwa and Avgust Voss, chairman of the Soviet of Nationalities of the Soviet Communist Party, are among the participants.



They will discuss international cooperation on the issue after representatives from all the countries finish reports about their recent activities.

Miyamoto also talked about the joint statement by the JCP and the Soviet Communist Party issued last December. There were a number of points that we could not agree on -- such as the course of the developing nuclear arms race in the world and responsibility for it, but I think the joint statement shows our rational efforts toward legislation for a nuclear freeze and eventual total elimination, Miyamoto said.

Sally Davinson of the Peace Measures Committee from the Great Britain Communist Party, Harkishan Surjeet from the Politbureau of the India Communist Party (Marxist) and Romaine Rutnam of the Australian Communist Party made reports after Miyamoto's opening speech. Leo Molenaar, Executive Committee member of the Netherlands Communist Party and Andre Hediger from the Swiss Workers Party followed during the morning session. All countries will finish their reports, each lasting 20 minutes, in the first two days. Free discussion will follow on the last two days. This is the third international conference sponsored by the JCP according to party officials, and a new development this time is that parties from socialist countries such as the Soviet Union, East Germany and Vietnam are also taking part in the symposium, in addition to parties from Western bloc countries.

Chief Soviet Delegate Avjust Voss quoted Mikhail Gorbachev, general secretary of the Soviet Communist Party Central Committee, as saying that the people of the world have one common enemy, the threat of nuclear war, and their most important task is to end this threat. Our party will cooperate with all champions of peace on earth for this aim, Voss added, saying the Soviet Union will do everything it can to avert an arms race in outer space, to limit, reduce, and then to completely destroy nuclear arms.

Tetsuzo Fuwa of the Japan Communist Party said that the United States and its allies eagerly assert that possessing nuclear weapons is the guarantee of prevention of nuclear war, while the Soviet Union believes in equilibrium for prevention. Fuwa said there are fundamental differences in view among antinuclear groups, but it is necessary to make a distinction between the antinuclear, and the antiimperialist, antihegemonist struggle.

#### Forum Criticizes U.S., USSR

OW111331 Tokyo KYODO in English 1256 GMT 11 Jul 85

[Text] Tokyo, July 11 KYODO -- Representatives from 27 communist parties throughout the world denounced the United States for intensifying the superpower nuclear arms race on the second day Thursday of a four-day International Antinuclear Symposium organized by the Japan Communist Party (JCP) here. Communist leaders from 16 countries, including the Soviet Union, Vietnam, France, Japan and West Germany addressed the gathering.

Ivan Kovalenko, deputy chairman of the International Department of the Soviet Communist Party, discussed the importance of the Asia-Pacific region in antinuclear movement and world politics as one encompassing one-third of the world's land surface where more than three-fifths of the world population live. Kovalenko said U.S. wants to make a "NATO's intention [as received] of Japan, that is the expansion of its (Japan's) military commitments to a level equalling that of the West European NATO countries."

The Japan Communist Party, however, indirectly criticized the Soviet Union. JCP speaker Yoshinori Hoshioka, standing Presidium member of the party, said that not only the United States but also "the side opposing U.S. imperialism has some responsibility for the vicious nuclear arms race." In spite of some agreements and a partial nuclear test ban by nuclear weapons countries, "nuclear stockpiles increased 25 times in 30 years, five times in the last 20 years, this is a simple historical fact," Yoshioka said. Dang Huu of the Vietnam Communist Party accused the U.S., saying that the U.S. cannot deny responsibility of peoples of Japan and Vietnam for atom-bombing Hiroshima and Nagasaki and using the most advanced arms as well as chemical weapons against Vietnam. [sentence as received]

"Mankind is going through one of the worst economic crises in its history," representative of Cuba Communist Party, Raimundo Espinosa said, adding the "crisis" is severely affecting the developing countries. French Communist Party representative Henri Costa criticized the U.S. star wars project and the Eureka project supported by the French Government as well. Eureka and the star wars project have the same program techniques, he said.

On the third day, Friday, the 27 parties will exchange more opinions on the antinuclear movement. On the closing day, the participants will have free discussions on the issue.

#### ROK MINISTER URGES BETTER FINGERPRINTING

OW110947 Tokyo KYODO in English 0912 GMT 11 Jul 85

[Text] Tokyo, July 11 KYODO -- South Korean Vice Justice Minister Kim Chong met with Vice Foreign Minister Kenuske Yanagiya Thursday and sought improvement in Japan's controversial alien fingerprinting system. Officials quoted Kim as telling Yanagiya that there are not many systems in the world distinguishing foreigners from natives. He went on to say that the Korean side fully understands that Japan's domestic law should be respected but believes that the law at issue should be improved.

Yanagiya told Kim that Japan's basic stance is to take the situation at home and abroad into consideration and study and discuss the matter independently from a long-term standpoint. He also emphasized that the government's policy of an open Japan remains unchanged.

#### SYNDICATE TO GIVE EUROPEAN LOAN TO USSR

OW110945 Tokyo KYODO in English 0900 GMT 11 Jul 85

[Text] Tokyo, July 11 KYODO -- A 13-member banking syndicate, led by Sumitomo Bank Ltd., will sign a Euroyen loan contract in London with the foreign trade bank of the U.S.S.R., a Sumitomo Bank official said Thursday. Dollar-denominated syndicated loans have been made to the U.S.S.R., but the Euroyen loan -- estimated by industry sources at 22.5 billion yen -- will mark the first Euroyen-denominated syndicated loan to the country.

The official refused to specify details of the loan. But the sources said that interest rate on the eight-year loan will be based on the London Interbank Offered Rate (LIBOR) plus 0.25 percent for the first four years and 0.375 percent for the remaining four years.

The move may open the way for other yen-denominated loans to East European countries. The Soviet Foreign Trade Bank has actively tried to raise funds through Swiss franc-denominated or European Currency Unit (ECU)-denominated loans from Western commercial banks in the face of diminishing foreign currency reserves resulting from sluggish gold prices on international markets.

The move also reflects an easing of curbs on Soviet efforts to raise funds in Western countries following an easing of political tension between the United States and the Soviet Union. The Soviet Union has recently asked for the Japanese Government's permission to set up a representative office of the Foreign Trade Bank via diplomatic channels. With this loan as a start, the country may move to raise funds on the Tokyo capital market by issuing yen-denominated bonds, the sources said.

Recently, a nine-company international consortium extended a 7 billion yen loan to the Spanish state-run highway corporation to help expand Spain's national highway networks, the first long-term euroyen lending since a ban on such loans was lifted last April on condition that they be limited to borrowers outside Japan.

#### USSR WARNS OF FINES FOR STARFISH CATCH

OW120111 Tokyo KYODO in English 0026 GMT 12 Jul 85

[Text] Kushiro, July 12 KYODO -- The Soviet Union has notified Japan of its intention to fine Japanese fishing boats if they catch starfish, the Hokkaido Prefectural Government revealed Thursday. The Soviet Government's Fisheries Ministry says it will impose a fine of 60 yen for each starfish caught by Japanese fisherman because of "ecological disruption of the ocean," the Hokkaido Government said.

The Soviets had agreed, however, to withdraw a fine of 7 million yen imposed on a Japanese gill-netter which caught starfish along with other fish in the "triangle region" near the Soviet-held northern islands, it said. The Soviet side said in talks with Japan last September that punishment would be withheld if starfish caught by Japanese boats were limited in number, the Hokkaido government said. The prefectural government said it would press for the Soviets to abide by a previous agreement and withdraw the threat of fines.

#### TRADE SURPLUS WITH PRC SETS RECORD IN JAN-JUN

OW100949 Tokyo KYODO in English 0818 GMT 10 Jul 85

[Text] Tokyo, July 10 KYODO -- Reflecting booming exports, Japan's trade surplus with China reached a record 2.8 billion dollars in the first six months of this year, the Japan External Trade Organization (JETRO) said Wednesday, quoting preliminary customs-cleared trade statistics compiled by the Finance Ministry. Japanese exports to China from January to June totaled an all-time high of 5.99 billion dollars, up 2.1-fold from a year earlier, while Japanese imports from China reached 3.15 billion dollars, also a record, on an increase of 7.0 percent. Thus, bilateral trade during the period smashed all records at 9.14 billion dollars, up 56.8 percent.

Japan's trade surplus of 2.8 billion dollars made a marked contrast with its trade deficit of 68.3 million dollars during the same period of a year earlier, JETRO said. Japan made a second-half turnaround to reap a yearly trade surplus of 1.26 billion dollars last year.



Japanese exports of automobiles to China jumped just over 10-fold to 859.8 million dollars, transport machinery was up 5.4-fold at 1.23 billion dollars and steel exports climbed 49.0 percent to 1.68 billion dollars. In return, Japan imported 80.6 million dollars worth of corn and 39.9 million dollars worth of raw cotton from China, up 94-fold and 51.1 percent, respectively. However, Japan's imports of crude oil from China suffered a 5.6 percent drop to 1.08 billion dollars.

JETRO officials predicted Japan's exports to China will slow down during the second half due chiefly to China's dwindling foreign currency reserves, while its imports from the country will remain the same as in the first half supported by brisk demand for Chinese agricultural produce.

#### JAPANESE, EC BANKS TO PROMOTE MUTUAL INVESTMENT

OW110609 Tokyo KYODO in English 0539 GMT 11 Jul 85

[Text] Tokyo, July 11 KYODO -- The heads of six major Japanese and 11 European banks have agreed to facilitate Japan-Europe mutual business investment, their representatives said Thursday. Speaking before a group of reporters after winding up a four-day symposium to exchange views on ways to promote Japan-Europe direct investment, Shigeya Yoshise, president of the Japan Development Bank, described the results of the symposium as very meaningful as both sides exchanged frank opinions.

Yoshise said the two sides resolved the following after active debate at the symposium: (1) They will either cooperate or work under their own initiative to encourage overseas direct investment by giving financial incentives. (2) They will provide advice and information to enterprises contemplating investment, joint ventures or business cooperation in Europe and Japan to assist them in realizing their plans.

Representing the European side, K. Dierckson, chairman of Societe Nationale de Credit a l'Industrie of Belgium, expressed agreement. At the symposium, they discussed barriers hindering investment and possible ways round them. The European side mentioned language barriers, cultural differences and difficulties in realizing business take-overs as obstacles to investment in Japan. The Japanese side pointed to inconsistencies between EC member nations on regulations and standards, rules concerning the determination of countries of origin for manufactured goods and local labor problems.

Japan's aggregate investment in Europe at the end of March this year totaled about 9.1 billion dollars, constituting only 12.7 percent of Japan's entire overseas direct investment. But Europe's accumulated investment in Japan as of last March was a humble 1 billion dollars.

Other Japanese banks which participated in the symposium included the Bank of Tokyo and the Export-Import Bank of Japan. Among the other European banks represented were Credit National of France and investors in industry group PLC of the United Kingdom. Both sides agreed to meet again within two years in Europe.

#### LDP'S KANEMARU URGES TAX STRUCTURE REFORMS

OW120639 Tokyo KYODO in English 0634 GMT 12 Jul 85

[Text] Tokyo, July 12 KYODO -- Ruling Liberal-Democratic Party Secretary General Shin Kanemaru suggested Friday an overhaul of the tax structure would be more realistic than an outright tax cut as proposed by Prime Minister Yasuhiro Nakasone.

Kanemaru said the taxation structure contains loopholes that allow some sectors of the economy to pay lower taxes than the average salaried worker.

Speaking at a conference of radio and television broadcasters sponsored by KYODO NEWS SERVICE, Kanemaru singled out "Bar hostesses in Ginza" and farmers as the sort of profession that benefit under the taxation system.

He cited the case of a farming community where the highest amount of tax paid was just 50,000 yen, just a fraction of the average salaried worker's tax bill. Kanemaru's tax proposal came short of a radical tax cut proposed by Nakasone over the past few weeks. Nakasone, however, has not mentioned how to finance a major tax reduction, leading to criticism both within the LDP and opposition parties that he was "irresponsible."

Kanemaru also spoke on the escalating trade friction Japan faces with its major partners and called for a spirit of compromise in resolving the issue. He said some people have compared the tension between Japan and the United States over the trade friction as resembling the situation on the eve of World War II. If the trade friction is not resolved, he said half jokingly, it could as well lead to another war. Compromise is therefore necessary, he said.

On defense issues, he said defense spendings are unlikely to top 1 percent of the gross national product this year, even if pay hikes for the Self-Defense Forces, which are due to be implemented this summer, were included. He said the prospect came as a result of a higher-than-expected economic growth.



SINO-KOREAN TREATY ANNIVERSARY COMMEMORATED

## Beijing Reception Held

SK110423 Pyongyang KCNA in English 0332 GMT 11 Jul 85

[Text] Beijing July 9 (KCNA) -- The Chinese People's Association for Friendship With Foreign Countries, [CPAFFC] arranged a party in Beijing on July 9 on the 24th anniversary of the signing of the Sino-Korean treaty of friendship, cooperation and mutual assistance. The party was addressed by Wang Fulin, vice-chairman of the CPAFFC, and Sin In ha, DPRK ambassador to China.

Wang Fulin said in his speech that the signing of the Sino-Korean treaty of friendship, cooperation and mutual assistance 24 years ago was a great event in the annals of the friendly relations between China and Korea. These relations have developed to a new higher stage lately through a series of mutual visits between the leaders of the two countries, he said.

He wished the Korean people new, greater success in their struggle for socialist construction and national reunification under the wise guidance of the great leader Comrade Kim Il-song. He expressed the hope that the militant friendship between the Chinese and Korean peoples would be consolidated and developed still further by the joint efforts of the two parties and the two governments.

The attendants toasted the good health and long life of the great leader Comrade Kim Il-song, the good health and long life of the dear leader Comrade Kim Chong-il and the good health and long life of respected Comrades Hu Yaobang and Deng Xiaoping.

## PRC Envoys Hosts Party

SK110444 Pyongyang KCNA in English 0357 GMT 11 Jul 85

[Text] Pyongyang July 11 (KCNA) -- Chinese Ambassador to Korea Zong Kewen hosted a reception at his embassy Wednesday evening on the 24th anniversary of the signing of the Sino-Korean treaty of friendship, cooperation and mutual assistance (July 11, 1961).

Invited to the reception were Comrade Yi Chong-ok, member of the Political Bureau of the Central Committee of the Workers' Party of Korea and vice-president of the DPRK. Comrade Kim Yong-nam, member of the Political Bureau of the WPK Central Committee, vice-premier of the Administration Council and foreign minister; Comrade O Kuk-yol, member of the Political Bureau of the WPK Central Committee and chief of the General Staff of the Korean People's Army; Comrade Kong Chin-tae, alternate member of the Political Bureau of the WPK Central Committee and vice-premier of the Administration Council; and officials concerned.

In his speech, Zong Kewen said: The Sino-Korean treaty of friendship, cooperation and mutual assistance signed 24 years ago has played a very active role in promoting friendship, unity and cooperation between China and Korea and contributed to defence of peace in Asia and the world. The friendly and cooperative relations between the two parties, two governments and two peoples of China and Korea have been made closer in recent years than ever before, he noted, and said: The visits to Korea by Comrades Hu Yaobang and Deng Xiaoping and the visits to China by the great leader Comrade Kim Il-song and the dear leader Comrade Kim Chong-il brought the Sino-Korea friendship and cooperation to a new stage and showed the common desire and determination to develop this friendship generation after generation.

The Chinese party, government and people, he stated, will as ever make every effort possible to steadily strengthen and develop the friendly and cooperative relations between the two countries on the basis of the Sino-Korean treaty of friendship, cooperation and mutual assistance. The United States, he declared, must withdraw all its troops from South Korea and the Korean question must be solved by the Korean people themselves. We resolutely oppose the "two Koreas" plot.

Speaking next, Vice-President Yi Chong-ok said: After the signing of the treaty of friendship, cooperation and mutual assistance between the Democratic People's Republic of Korea and the People's Republic of China 24 years ago, the friendship and unity between the two peoples have consolidated and developed on a broader scale and more profoundly and the vitality of the treaty has been eloquently demonstrated in the beautiful flower garden of Korea-China friendship. He pointed out that the Korea-China friendship based on a solid class alliance has grown in strength and developed to be a more true and solid, unbreakable friendship on the basis of the deep friendship and intimacy between the party and state leaders of the two countries. The Korean people, he declared, fully support the Chinese people in their just cause of reunifying the whole country by having Taiwan returned to the motherland and express firm solidarity with them.

The attendants toasted the good health and long life of the great leader Comrade Kim Il-song, the good health and long life of the dear leader Comrade Kim Chong-il and the good health and long life of respected Comrades Hu Yaobang, Deng Xiaoping and Li Xiaoping and Li Xiannian.

#### NODONG SINMUN Marks Anniversary

SK110640 Pyongyang Domestic Service in Korean 2139 GMT 10 Jul 85

[NODONG SINMUN 11 July special article: "Friendship Which Is Consolidated and Developed With Each Passing Day"]

[Text] When we mention Korea-China friendship, we compare it with the pine trees on Mt Paektu and the crystal-clear waters of Lake Chonji. The pine trees on Mt Paektu are evergreen even in the snow, and the waters of Lake Chonji never dry up. The reason we compare Korea-China friendship with the trees and waters is because the relations between the peoples of the two countries are just as everlasting and solid. Without the joint efforts which the peoples of the two countries exert to consolidate and develop Korea-China friendship, this is unthinkable. Based on the same ideologies and concepts, the peoples of the two countries have jointly struggled for a long period in order to consolidate and strengthen their friendly relations as permanent ones.

The great leader Comrade Kim Il-song has taught: Korea-China friendship has long and deep historic roots, and the chronicle of Korea-China relations is filled with numerous heartwarming facts and beautiful stories.

On 11 July 1961, the treaty of friendship, cooperation, and mutual assistance was concluded between the DPRK and the PRC. This glorified the proud history of the Korea-China relations. At the same time, this was a display of the firm will of the peoples of Korea and China who would always share joys and sorrows. With the conclusion of the treaty, the blood-sealed friendly and cooperative relations between the peoples of Korea and China have been legally solidified. A period of 24 years has elapsed since then. During this period, the Korea-China treaty of friendship, cooperation, and mutual assistance has contributed to the revolutionary cause of the peoples of the two countries for the fulfillment of common objectives and ideals.

In accordance with the spirit of the treaty, the peoples of Korea and China have continued to support and cooperate with each other, while achieving great successes in revolution and construction.

In recent years, the Chinese revolution has entered a period of a new historic turn. Under the tested leadership of Comrades Hu Yaobang and Deng Xiaoping and other CCP leaders, great changes are taking place in all fields. Successes are being won in the struggle to implement the program to build modern socialism and the decisions of the 12th party congress. Upsurges which have been brought about in the fields of industry, agriculture, defense, and science and technology, as well as in other fields, are changing the appearance of China, and are further strengthening its might. The Chinese people's desire to build China as a highly civilized and highly democratic modern socialist power is becoming reality. The changes which are taking place in China show that the line and policies put forth by the CCP agree with the specific situation of the Chinese revolution and the interests and desire of the Chinese people, and, thus, are very just. This is precisely the reason why the Chinese people are turning out to implement the lines and policies of their party.

The Korean people are truly pleased with the fact that everything goes well in China. We extend warm congratulations for the success which the Chinese people have won in the struggle to solve the Hong Kong question in accordance with the prevailing situation of China and the desire of the Chinese people, and express full support for and solidarity with the just struggle of the party, government, and people of China to reunify the country by recovering Taiwan.

Today, our people, under the wise leadership of the great leader Comrade Kim Il-song and our party, are vigorously struggling to attain the 10 long-range goals of socialist economic construction ahead of schedule through the vigorous three revolutions and to achieve the independent and peaceful reunification of the fatherland. In particular, as the 40th anniversaries of the fatherland's liberation and the party's founding are nearing, they are bringing about new upsurges on all fronts of socialist construction.

The active support and encouragement which the Chinese people extend to our people's struggle for socialist construction and the reunification of the fatherland are a great help.

Reality shows that the Korea-China treaty of friendship, cooperation, and mutual assistance has displayed great vitality. The true, solid, and invincible Korea-China friendship, which is consolidated and developed with each passing day, is unthinkable apart from the deep friendship and noble communist trust and the sense of obligation between the leaders of the parties and states of the two countries, and this is a reliable source by which the Korea-China can continuously bloom and flourish.

The leaders of the parties and states of Korea and China long ago established relations of deep friendship, created the historic roots for and shining tradition of Korea-China friendship, and have strengthened cohesion through frequent mutual visits.

The great leader Comrade Kim Il-song paid visits to China in 1982 and last year, and Comrade Hu Yaobang, after he visited our country along with Comrade Deng Xiaoping in 1982, visited our country again last year and this year. Comrade Kim Chong-il, member of the Political Bureau Presidium and secretary of the WPK Central Committee, visited China in 1983. In the course of these mutual visits, the leaders of the parties and states of the two countries deepened fraternal friendship and the comradely sense of obligation, and provided a firm guarantee by which Korea-China friendship can be developed to a high level.



Meaningfully observing the 24th anniversary of the conclusion of the Korea-China treaty friendship, cooperation, and mutual assistance, our people are filled with determination to be invariably faithful to the treaty and to struggle shoulder to shoulder with the Chinese people to the very end in the struggle to fulfill the common objectives and ideals. As times passes, Korea-China friendship will further consolidate and develop.

#### MONGOLIAN PHOTO EXHIBITION HELD IN PYONGYANG

SK111029 Pyongyang KCNA in English 1003 GMT 11 Jul 85

[Text] Pyongyang July 11 (KCNA) -- A photo exhibition was opened to mark the 64th anniversary of the Mongolian people's revolution under the sponsorship of the Committee for Cultural Relations With Foreign Countries and the Korea-Mongolia Friendship Association. The opening ceremony was held at the Chollima House of Culture on July 10. Invited to the ceremony were Mongolian Ambassador to Korea Perenleyn Urjinhundeb, his embassy officials and cultural officials of foreign embassies here. Present there were Kim Kwan-sop, chairman of the Committee for Cultural Relations With Foreign Countries, Yi Won-kuk, vice-minister of foreign affairs; Pak Yong-pae, vice-chairman of the Central Committee of the Union of Agricultural Working People and vice-chairman of the Korea-Mongolia Friendship Association, other officials concerned and working people in the city.

The opening ceremony was addressed by Yi Sok-yong, vice-chairman of the Committee for Cultural Relations With Foreign Countries, and the Mongolian ambassador. The attendants saw photographs showing the successes made by the Mongolian people in political, economic, cultural and other domains since the victory of the revolution. Then, they appreciated a Mongolian feature film.

#### FOREIGN MEDIA MARK 'ANTI-U.S. STRUGGLE MONTH'

SK101017 Pyongyang KCNA in English 1005 GMT 10 Jul 85

[Text] Pyongyang July 10 (KCNA) -- News media of socialist countries published articles on the occasion of the month of anti-U.S. joint struggle.

The Yugoslav news agency TANJUG said in an article June 25: If the Korean people's desire for reunification is to be realised, the United States must withdraw its Armed Forces more than 40,000 strong from South Korea and the proposal for founding the democratic confederal republic of Koryo be realized. The Yugoslav POLITIKA June 25 denounced the "two Koreas" plot of the U.S. imperialists and the South Korean puppet clique.

The polish papers RZECZPOSPOLITA and ZOLNIERZ WOLNOSCI and Polish television June 25 published articles stressing that Poland has always supported the efforts of the Democratic People's Republic of Korea for the withdrawal of all foreign troops from South Korea and for the reunification of the country.

The Czechoslovak LIDOVA DEMOKRACIE June 25 denounced the U.S. imperialist who unleashed the Korean war and said that the war started on the downhill the imperialists who acted arbitrarily, resorting to the "big stick" policy against the countries taking a progressive road.

On the same day, other Czechoslovak papers SVOBODNE SLOVO, MLADA FRONTA, PRACE and ZEMEDELSKE NOVINY carried articles lashing at the war provocation moves and splittist policy of the U.S. imperialists and the South Korean puppet clique and expressing firm solidarity with the Korean people's struggle for national reunification.

FOREIGN MINISTER ON SECURITY, RELATIONS WITH PRC

SK120433 Seoul THE KOREA TIMES in English 12 Jul 85 p 1

[Text] Korea and the United States are studying various ways of joint security measures that can counteract the increasing military alliance between the Soviet Union and north Korea, Foreign Minister Yi Won-kyong said yesterday.

In a press conference he said that a series of recent movements involving the two Communist allies have produced indicators requiring a strengthened Korea-U.S. alliance. He cited the Soviet supply of MIG-23 fighters to the north Korean Air Force as the most significant step of military cooperation between them. The minister did not go into detail as to what sort of measures were under study, but informed sources say that there is talk of increasing the combat power of U.S. Forces in Korea as well as supplying more sophisticated U.S. arms to the ROK forces.

The minister denied reporters' assumption that the smooth settlement of two incidents involving a mutinied Chinese torpedo boat and a sunken Korean fishing boat indicated a favorable change in the relations between Korea and China. "Although no outstanding change has appeared in the relations between Korea and China recently, there is a world wide trend towards cooperative relations regardless of the difference in ideology and system. We hope to continue to expand our contacts with China," he said.

The ministry's policy priority in the latter half of this year would be given to the United Nations which observes the 40th anniversary of its founding this October. The government will actively join affiliated organizations of the United Nations and will increase activities at various UN council meetings as observers to realize an early entry into the world body. He said special efforts would be made in securing nations which would support the ROK government's formula for the peaceful unification of the Korean peninsula and for the simultaneous entry of south and north Korea into the United Nations.

The 40th UN General Assembly which will be in session from Sept. 17 through Dec. 20 in New York will draw the attendance of an estimated 50 heads of state or government leaders.

INDONESIAN INFORMATION MINISTER LEAVES FOR HOME

SK120715 Seoul YONHAP in English 0618 GMT 12 Jul 85

[Text] Seoul, July 12 (YONHAP) -- Harmoko, Indonesia's information minister, left here for Jakarta Friday, winding up his five-day visit in South Korea.

During his stay in here, the Indonesian minister met with his Korean counterpart, Yi Won-hong, Foreign Minister Yi Won-kyong and other government officials to exchange views on how to enhance bilateral cooperation between the two nations.

Harmoko and Yi signed a memorandum of understanding to promote the exchange of news, mutual visits by Korean and Indonesian journalists and the expansion of research programs for information ministry officials.

He also called on Korean President Chon Tu-hwan at his residence here on Thursday.

Harmoko arrived here Monday evening at the invitation of Yi.



STRENGTHENED ECONOMIC TIES WITH ASEAN SOUGHT

SK110549 Seoul YONHAP in English 0235 GMT 11 Jul 85

[Text] Seoul, July 11 (YONHAP) -- South Korean business circles have decided to strengthen cooperation with their ASEAN (Association of Southeast Asian Nations) counterparts, emphasizing the exchange of manpower and the transfer of technology, business sources here said Thursday. Chong Chu-yong, who serves concurrently as chairman of the Federation of Korean Industries (FKI) and as chairman of the Korean-ASEAN Business Club (KABC), will lead a high-powered mission to ASEAN member-countries in November.

In a meeting of subcommittee chairmen here on Wednesday, the KABC decided to invite as many ASEAN workers as possible for training here and to hold a seminar on regional economic cooperation, emphasizing the exchange of ideas about the economic strengths of the participating countries. Korea's participation in the human resource development projects of ASEAN nations will be the annual foreign ministers' meeting between the six ASEAN nations and the five-advanced nations of the Pacific region -- the United States, Japan, Canada, Australia and New Zealand.

TWO KIMS DIFFER ON PRESIDENTIAL ELECTION PLANS

SK120358 Seoul THE KOREA TIMES in English 12 Jul 85 p 1

[Text] Kim Tae-chung has asked Kim Yong-sam to enter the New Korea Democratic Party, calling for the separation of presidential candidacy and party presidency between the two Kims. Kim Yong-sam rejected the double proposal.

Kim Tae-chung said yesterday, "I have proposed that the relations between us (the two Kims) should be established as "running mates" for president and vice president after amending the Constitution for the direct election of the president." He disclosed that he had made the proposal to Kim Yong-sam "long ago" and renewed it in his meeting with the other Kim and NDP [New Korea Democratic Party] president Yi Min-u on Wednesday.

Kim Tae-chung, a former presidential candidate of the disbanded New Democratic Party in 1971, told reporters, "I believe that Mr. Kim Yong-sam should enter the NDP and lead it in order to prepare for the coming political crisis in autumn which will be significant for democratization."

He went on, "I think that we (the two Kims) should be running mates in the next presidential election. In case one of us should be nominated as the presidential candidate, I think that he must declare that the vice presidential candidate will automatically become the presidential candidate after four years."

Kim Tae-chung, however, did not elaborate as to which he hoped to become, presidential candidate or vice presidential candidate. He cannot legally join the NDP because of his suspended 20-year prison sentence, while the other Kim is free to enter the party.

Kim Yong-sam, rejecting the proposal, said, "My purpose for democratization is neither to become president nor party head. I don't wish to pick up and eat the fruits of democratization."

Expressing displeasure with what he called "the intention behind the suggestion," he made it clear that he would support incumbent party president Rep. Yi in the national convention slated for Aug. 1-2 "to avoid confrontation between us."

"Mr. Kim Tae-chung must reveal his position as to whether he intends to join the NDP. I will act in accordance with Kim's decision but I clearly state that I will never enter the party alone," he said. He went on, "Mr Kim Tae-chung told me that it's right for anyone to become a presidential candidate. But I am sure that he didn't want me to run for the position."

Kim Tae-chung said, "The best way to demonstrate to the people that our cooperative relations are firm is to settle promptly our status issue as running mates." The other Kim remarked, "I think that it is never desirable for us to give the people an impression that we are engaged in confrontation." Kim Tae-chung told reporters that in the Wednesday meeting attended by the two Kims and the NDP president, the participants agreed that they would pursue constitutional change intended for the direct popular election of the next president. Under the present Constitution, the president shall be elected by an electoral college of more than 5,000 delegates.

In the tripartite meeting, Kim Tae-chung said he and NDP head Rep. Yi preferred the presidential system while Kim Yong-sam liked the parliamentary cabinet system. Kim Yong-sam gave up his idea in the meeting. Kim Tae-chung said that because his proposal was rejected by the other Kim, he would discuss with Kim Yong-sam other "alternatives," including an option of having NDP head Rep. Yi reelected in the forthcoming convention. The two Kims, co-chairmen of the Council for the Promotion of Democracy, were originally scheduled to meet today, but they delayed the talks to early next week, probably on Monday, aware of the current tensions between their factions.

#### NKDP UNILATERALLY REQUESTS ASSEMBLY SESSION

SK120925 Seoul Domestic Service in Korean 0800 GMT 12 Jul 85

[Text] The ruling and opposition parties at today's meeting of floor leaders discussed in vain the issue of the joint convocation of the 126th special National Assembly session this month. Therefore, the New Korea Democratic Party [NKDP] unilaterally submitted to the National Assembly a letter requesting that a special National Assembly session be convened on 15 July.

At today's meeting of floor leaders of the three parties, with National Assembly Speaker Yi Chae-hyong presiding, following yesterday's meeting, Yi Chong-chan, the DJP's floor leader, again asserted that the 126th special National Assembly session should be convened next month because, if a special National Assembly session is convened this month, it will be difficult for this special session to actually deal with livelihood issues. This is because it is possible for this session to become politicized dealing with only pending political issues, considering the fact that the NKDP's special national convention and the preliminary contact for North-South parliamentary talks are just around the corner.

In response to this, Kim Tong-yong, the NKDP's floor leader, requested that a special session be convened on 15 July, given the fact that labor and campus issues have recently entered a new stage and that it is urgent to solve livelihood issues, including the recent flood. Kim Yong-chae, the KNP floor leader, also requested that a special national Assembly session be convened this month to deal with livelihood issues.

Therefore, as the meeting of the floor leaders of the ruling and opposition parties, which lasted about 3 and 1/2 hours from this morning, was ruptured without narrowing differences of views among the parties, at 1500 the NKDP unilaterally submitted to the National Assembly a letter requesting that the 126th special National Assembly session be convened for 13 days beginning on 15 July.

Although the National Assembly session is to be convened on 15 July with the participation of only the opposition parties, since the NKDP unilaterally requested the convocation of a special National Assembly session, it is likely that the ruling and opposition parties will hold behind-the-scenes contacts to work out a compromise, because the NKDP expressed its intention to continuously hold dialogue with the DJP.

#### POLICE TO TAKE HARSHER MEASURES AGAINST VIOLENCE

SK120445 Seoul THE KOREA TIMES in English 12 Jul 85 p 8

[Text] Pak Pei-kun, director general of the National Police Headquarters, said yesterday that police will take resolute actions against violent campus disturbances and labor disputes.

Presiding over the meeting of chief police officers from large cities and provinces, director Pak said the police will enter the university campuses even without requests from the school authorities whenever it is found out that a school facility is misused as a "base" for political struggle. Noting that some radical students have turned campuses into bases of social agitation for the purpose of overthrowing the government, Pak said police intervention is intended to separate "those in the sphere of violent activism" from the majority of students.

Referring to violent labor disputes these days, director Pak sent orders to take harsh measures should rallying employees turn to streets or resort to illegal actions such as violence, arson and seizure of public facilities. Observing that the increasing number of labor disputes has a serious impact on all industries, Pak said police intervention seems to be inevitable.

As of the end of June, a total of 1,352 campus disturbances were reported this year, which is 2.75 times more than those that occurred in the same period last year. As many as 2,699 Molotov cocktails were thrown by students, 31 facilities belonging to police and 11 public buildings including the USIS building were attacked, and the destruction of school facilities were perpetrated 53 times during the period. The police have arrested 61 staff members of the so-called Sammintu, radical students' organization allegedly responsible for violent demonstrations including the seizure of the USIS library of May 23.

Director Pak revealed that 54 cases of labor disputes have been triggered by "disguised workers," most of whom got manual jobs by concealing their academic background achievements. A total of 145 cases of labor disputes were reported so far, which marks a 121 percent increase over the 65 cases of labor disputes during the same period of last year.

Meanwhile, director Pak instructed chief police officers to work out comprehensive anti-crime measures during the summer vacation season in the meeting. All police forces were also told to be fully prepared for the possible infiltration of north Korean agents to sabotage general conferences of IMF and IBRD slated for Seoul in coming October.

#### SNU STUDENTS FORM COMMITTEE TO COMBAT SUPPRESSION

SK120517 Seoul THE KOREA HERALD in English 12 Jul 85 p 8

[Text] About 250 Seoul National University students have inaugurated a special committee for the struggle against what they termed the government suppression of democratic movements among the people, it was learned yesterday.



The committee was activated at the end of an antigovernment rally held at the school's student hall Friday afternoon. During the session, the students called for the resignation of the ministers of labor and home affairs and director of the National Police Headquarters while blaming them for the recent crackdown on student and labor activists. They also urged "all democratic elements" to rally behind a unified movement for the realization of democracy.

#### PARENTS WORK FOR RELEASE OF ARRESTED STUDENTS

SK110101 Seoul THE KOREA HERALD in English 11 Jul 85 p 8

[Text] Parents of college students who have been arrested for leading rallies or demonstrations yesterday organized a consultative body to promote the efforts for the early release of their children. In a meeting held at the office of the Council for the Promotion of Democracy (CPD), the parents said they will meet at the CPD office once a week to discuss matters related to the detained students. The meeting was attended by about 80 parents.

#### GOVERNMENT TO ESTABLISH OPEN-DOOR ECONOMIC SYSTEM

SK120622 Seoul YONHAP in English 0540 GMT 12 Jul 85

[Text] Seoul, July 12 (OANA-YONHAP) -- The South Korean Government plans to establish an open-door economic system under its Sixth Five-Year Socio-Economic Development Plan, scheduled for 1987-91.

Through the plan, the government intends to lay a firm foundation for economic self-sufficiency and to realign Korea's industrial support systems, according to an Economic Planning Board (EPB) report, titled "Strategies for Realignment of the Industrial Structure and Technology Development."

The EPB presented the plan at a policy consultative meeting attended by people from all sectors of society on Friday. The purpose of the meeting was to get input from a diverse group of Korean citizens for the formulation of basic policy guidelines for the nation's Sixth Five-Year Development Plan.

The EPB has projected that investments in science and technology will account for 2.5 percent of Korea's gross national product (GNP) by the time the five-year plan ends in 1991. During the five-year period, a technology credit surety system will be established to bolster technology-intensive small and medium industries, the EPB report said. Tax burdens on the machinery and equipment industries will be reduced to facilitate the replacement of worn-out facilities, according to the report.

If the plan materializes, foreigners will no longer be required to get government permission for investing here; they will simply report their investment activities to the authorities concerned. The inducement of technology by foreign investors will also be fully liberalized during the period. The government's financial support will focus on science and technology development, manpower development, energy conservation, pollution prevention, the localization of machinery production and the development of new products.

The government plans to boost Korea's import liberalization ratio to 95.7 percent by 1988 -- an internationally accepted level. Later, it will gradually lower tariff rates. To protect certain domestic industries, however, anti-dumping and countervailing duties will be imposed on goods that are imported at prices lower than fair value.

Other highlights of the EPB plan are:

- placing government-founded industries under private management.
- realigning various industry support laws and ordinances.
- liberalizing imports, giving priority to industries deemed unable to compete internationally.
- protecting, on a selective basis, technology-intellectual-intensive industries that are expected to create new demand.

#### CABINET TO INCREASE EFFORTS TO REACH EXPORT TARGET

SK120500 Seoul THE KOREA HERALD in English 12 Jul 85 p 1

[Excerpt] The cabinet yesterday decided to intensify its efforts to achieve the nation's export target for this year, set at \$33 billion.

Minister of Trade and Industry Kum Chin-ho told a cabinet meeting that various export-boosting measures will be implemented to help meet the export goal. The measures include the more flexible supply of export loans, adequate reflection of real market values of foreign currency rates and simplification of documentation and other export procedures.

Minister Kum reported that the nation's exports in the first half totaled \$13.3 billion worth, a decrease of about 4 percent compared to the same period of last year. He attributed the sluggish exports mainly to the economic slowdowns of major trading partners and other unfavorable international economic conditions. Kum said he expects the nation's exports to increase steadily for the rest of this year. He noted that major industrial nations have begun to show signs of economic recovery.

#### GOVERNMENT URGED TO EXPAND FOREIGN INVESTMENTS

SK111101 Seoul YONHAP in English 0953 GMT 11 Jul 85

[Text] Seoul, July 11 (YONHAP) -- South Korean enterprises were asked to expand their investments abroad in a bid to circumvent the ever-increasing protectionist measures by advanced nations against Korean-made commodities. "It is urgent that the nation's businesses expand their overseas investments as a way to get around the trade barriers of industrialized countries," said Pak Un-so, director of the Trade and Industry Ministry's International Trade Promotion Bureau Thursday.

In a seminar on trade, organized by the Federation of Korean Industries, Pak noted that Korea, without investing more abroad, could hardly expect such a high export growth rate as in the past because the nation's direct exports to advanced countries would only increase their protectionism.

As of the end of last year, Korea's overseas investments totaled 444 million U.S. dollars, he disclosed. Of the figure, manufacturing sector topped the list with 72 million dollars, followed by forestry with 58 million dollars and by trade field with 56 million dollars. The money invested in overseas constructions stood at 35 million dollars. By area, North American accounted for 33 percent of the total, or 145 million dollars. The 25 percent of 111 million dollars of the total was invested in Southeast Asia, while the investment in Central and South America was 56 million dollars.



JAGBARAL REPORTS ON REVOLUTION ANNIVERSARY

OW120037 Ulaanbaatar MONTSAME in English 1709 GMT 11 Jul 85

["64 Anniversary of the Mongolian People's Revolution" Report by MPR Vice-President N. Jagbaral -- MONTSAME headline]

[Text] Ulaanbaatar, 10 July (MONTSAME) -- Next is the gist of the report delivered by MPR Vice-President N. Jagbaral at the gala meeting devoted to Mongolia's National Day. He said: It was 64 years ago that the Mongolian people experienced a turning point in their history: The victorious people's revolution was accomplished.

The historic significance of the people's revolution of 1921 is as follows:

--It did away forever with foreign oppression and established the independence and sovereignty of the country;

--It overthrew the rule of the exploiter class and handed the state power over to the people;

--It opened up before the country a new road for development -- the non-capitalist path of development and building socialism.

This year our people are observing the anniversary of the people's revolution in an atmosphere of great political and labour enthusiasm brought about by the decision of the 10th Plenum of the MPRP Central Committee to convene its 19th Congress in May 28, 1986 and by the purpose-oriented programme for developing agriculture and improving food supply to the population of the MPR adopted at the plenum.

The main result of the people's revolution is the historic transition of Mongolia from feudalism to socialism. The process of the country's revolutionary renewal was brought about by way of the gradual evolution of democratic revolution into socialist one. The main content of the democratic phase of the revolution was the realization of antifeudal transformations, such as liquidation of the class of feudals and their economic and political power, liberation of Arats from serfdom and all-round strengthening of economic and political basis of people's democracy. It was during this phase that the foundations of modern industry were laid, traders' and producers' cooperations developed, and foreign capital completely ousted; moreover the branch of the newly created industry developed exclusively in the form of state property.

At the socialist phase of the revolution our party tackled the task organizing individual Arat farms into cooperatives and of creating large agricultural and industrial enterprises, of accelerating the development of other branches of economy.

The radical renewal of the spiritual life of the Mongolian people was achieved by way of carrying out cultural revolution. Socialist democracy developed further, the political activity and consciousness of the workers enhanced.

As a result of these gains socialist production relations won in national economy. Mongolia became a country of real socialism. It was the glorious victory of the general line of the party for non-capitalist development of the country and for building socialist society.

The most important achievement of our country for the years of the revolution was the creation of modern industry. At present it produces 45.9 percent of gross social product and 32.3 percent of national income.

The output of gross industrial product was increasing on an average of 9.8 percent a year in the first 4 years of seventh 5-year period, and the planned targets are being overfulfilled. Nowadays as much industrial production is turned out in 10 minutes as in the whole of 1922, in 1 and 1/2 hours as much as in 1930, and a week's production is tantamount to that of the whole of 1940.

Our country has achieved large-scale transformations in the agrarian sector. As a result of socialist transformations in agriculture 360 major state farms and cooperative farms have replaced more than 200 thousands Arat private small holdings.

A structural change has occurred in agricultural production. Earlier our country purchased abroad all of the necessary amount of flour -- today it is self-sufficient as a result of developing land-farming.

Our country used to export live animals and import finished goods made from animal raw materials. Today it processes most of it and supplies home and foreign markets.

Over the last quarter of the century considerable successes have been achieved in the application of modern technology in agriculture whereas earlier it based on manual labour only.

For 1960-1984 the gross agricultural product has increased by 50 percent. An annual agricultural produce of 1981-1984 increased on an average by 14.6 percent as compared with the same period of the previous 5 years. Nevertheless the agricultural development rate does not meet the needs of the country, some planned targets being failed to be fulfilled.

The purpose-oriented food programme approved by the last plenum of the party Central Committee is of principled importance for developing further agriculture and improving food supplies of the population. The programme meets the basic interests of the people and is accepted by them with approval.

A month hardly passed since the adoption of the programme. But the Mongolian People's Revolutionary Party Central Committee and the Government of the MPR adopted a number of important decisions to realize the programme, including those on improving the planning and management of agriculture, on rendering financial assistance to weak agricultural enterprises, on economic encouragement agricultural production growth, on agricultural construction, on improving cultural and everyday service conditions of agricultural workers, on increasing the number of herds belonging to individuals.

Due to the great efforts at improving health care of the population it has almost tripled over the years of the revolution. Average life span has almost doubled for the period. The Mongolians -- the ancient people -- are becoming young. 76 percent of the population are young people under 35.

The social composition of the population has also changed fundamentally. Our people as a whole consist of men of labour, namely workers, cooperated Arats and of people's intelligentsia.

The spiritual world of our people has changed beyond imagination. They are all literate without exception, through mass media they follow developments not only in their country but also in the world. One in every 4 of the population is at secondary school, or vocational or higher educational institution. The task of compulsory universal 8-year education of all children of school age is being successfully realized. All citizens are provided with opportunity to obtain qualification, for revealing their talents and abilities in every field of human activity.

All this has become possible thanks to the enormous efforts of the party and state at developing public education, socialist culture and to the carrying out of a large-scale educational work. The state allocates to education, culture and health protection as much as to the development of the branches of the manufacturing sector.

Labour in this country is highly valued as a source of any wealth, as a source of the people's welfare. The Constitution ensures for every person the right to work. A job and remuneration of his labour are guaranteed to him. As we say: "If hands move, so does the mouth". And every worker who achieves high labour results, wins the greatest attention on the part of the party and government. For instance, he is awarded with orders and medals and various honorary titles.

The material wellbeing of our people is steadily growing. Over the last 20 years along the real per capita incomes have increased 2.6 times, the volume of the consumption fund including the retirement and other benefits almost 4.8 times, the housing construction -- 3.5-fold.

The international prestige of the Mongolian People's Republic is strengthening. Today it maintains diplomatic relations with 96 states and trade, economic and cultural relations with dozens of the countries of the world. The MPR takes an active part in the work of the UN and tens of other large international organisations.

All their successes and achievements the party and the people lawfully attribute to the expansion and deepening of the friendship and cooperation with the Soviet Union and the other socialist community countries.

As General Secretary of the party Central Committee and Chairman of the Presidium of the MPR Great People's Hural Comrade J. Batmonh said "The relation of friendship and close cooperation between the MPR and the USSR develop successfully and steadily grow upward. They embrace practically all spheres of the social life and convincingly demonstrate their tremendous creative force".

The fraternal friendship, all-round close cooperation with the Soviet Union and the other socialist community countries are enriched from year to year with new contents and new forms.

The MPR's active participation in international socialist division of labour within the framework of the Council for Mutual Economic Assistance promotes to a considerable extent the acceleration of the development of our national economy.

The outcomes of the Moscow economic summit of the CEMA member states are of historic significance in furthering the cooperation of the fraternal socialist countries. The efforts of the fraternal countries aimed at evening out the level of development of our country with that of the European socialist countries have been reflected in the decisions of the summit. The 40th sitting of the CEMA session held recently in Warsaw has marked an important step towards the realization of the decisions of the economic summit.

This year the entire progressive mankind is solemnly observing the 40th anniversary of the worldwide historic victory over Hitler fascism and Japanese militarism. That was the victory of the champions of peace, socialism and democracy over the choice forces of imperialism, war and reaction. The decisive role in that victory was played by the great Soviet Union which had demonstrated to the whole world the advantages and the invincibility of the socialist social order.



The peoples of anti-Hitler coalition and the forces of anti-Fascist resistance made their contribution to the victory. The Mongolian People's Republic also contributed to the struggle against fascism and to the cause of routing Japanese militarism.

The principal lesson of the Second World War has it that war must be fought against before it actually breaks out. Therefore the most important and the most urgent task facing mankind today is the preservation and strengthening of the peace that has been so dearly paid for.

At present the USA and its allies in Europe and Asia are escalating the nuclear armaments race, and creating the danger of an outbreak of another global war. If a thermonuclear war were to break out it would not only interfere with peace on earth but would destroy mankind itself.

Peoples of the world need no war. No people whatsoever would like to perish in nuclear conflagration. This is vividly demonstrated by the increasing anti-war movement. The Soviet Union and the other socialist countries are exerting active efforts in order to lessen the international tension, halt the arms race, prevent its transfer to outer space and eventually proceed with disarmament.

The MPR Government attaches important significance to the meeting between CPSU Central Committee General Secretary Comrade Mikhail Gorbachev and U.S. President to be held this autumn. Its positive outcomes could have lasting significance in lessening the threat of nuclear war and improving the international situation.

The cause of defending socialism and preserving peace the world over is being reliably served by the defense military-political alliance of the fraternal countries -- the Warsaw Treaty. Hence the signing of the protocol on the prolongation of the duration of the Warsaw Treaty meets the vital interests of peace and socialism.

In the conditions of the present-day complicated situation in the world, our country regards it a matter of primary importance to cement the friendship and close cooperation with the socialist countries, consolidate the unity and cohesion of the socialist community countries which have become the leading factor of the world revolutionary process, of strengthening peace and security of nations.

In today's world an important factor in the struggle against the threat of war is the Non-aligned Movement membering over 100 countries of Asia, Africa, and Latin America. The MPR consistently supports the struggle of the peoples of these continents against the threat of war, imperialist domination and diktat. We resolutely condemn the encroachments of imperialism and reaction upon the freedom and independence of Kampuchea, Afghanistan, Nicaragua and other countries.

The MPR is and will be developing relations of good will with the differing social system along the principle of peaceful coexistence.

An important instrument of peace is the United Nations Organization which was set up 40 years ago as a product of the fruitful cooperation of the countries of anti-Hitler coalition.

The MPR highly assesses the activities of this organization on the strengthening of peace and does its utmost in order to make a practical contribution to the achievements of the goals formulated in the UN Charter. Last year the UN General Assembly adopted on our initiative the declaration "on the right of peoples to peace".



This document is aimed at making every people become aware of its rights and responsibility in the cause of preserving peace and stand up for its defence.

"In this 40th year of the emergence of the UN a large-scale work is being done in our country to popularize the goals and tasks of the organisation, its efforts at defending peace. The enhancement of the role of the UN and the efficiency of its activity will facilitate prevention of the threat of war and safeguarding of peace and security of nations. Worldwide efforts and all possibilities need be mobilized and made use of in the struggle for peace. The undertakings of the International Year of Youth and the 12th World Festival of Youth and Students due to open in a few days in Moscow, are called upon to make their contribution to the cause of educating the young generation of the planet in the spirit of peace and of mobilizing its energy to the struggle against the war threat.

The Mongolian people looks ahead with assuredness, for a reliable base has been set up for further accelerated development of this country with its great natural wealth and it has true friends in the person of the Soviet people and the peoples of the fraternal socialist countries.

These days the country is working hard and with great zest. On the turn of two 5-year plan periods the party and the people are tackling large-scale responsible tasks. These tasks have been defined with all the fullness by Comrade J. Batmonh at the recent plenary meeting of the party Central Committee. As he said the point of the day is to start for the 8th 5 years. This calls for the mobilization of all our efforts and energy for implementing the decisions of the 10th MPRP CC plenary meeting and for launching a nationwide socialist emulation drive to accord the 19th party congress a fitting welcome.

The work on the realization of the programme for developing agriculture and improving the food supply to the population should be organized energetically and on every spot. It is a matter of concern for each and all.

The branches of the country's national economy have coped successfully with the plan targets of the first half of this year. Plans for industry, capital construction, transport and communications as well as for trade and utility services have been overfulfilled. Tasks are being coped with successfully also in the fields of culture and public education.

8.4 million head of youngstock is being reared, which is more than in the past year. This year the sowing has been carried out on a higher agrotechnical level.

It is important that every citizen was deeply aware of his duties and his high responsibility before the society, displayed initiative and alertness, fulfilled the work entrusted to him honestly and with high quality, valued and fruitfully used time.

The matter of honour for every communist and every citizen is to come to the regular 19th party congress with fresh successes and accomplishments. There is no doubt that in anticipation of the congress of their party the working people of our country will make a worthy contribution to the augmentation of the material and spiritual wealth of our socialist motherland, N. Jagbaral said.

INDIAN EXTERNAL AFFAIRS OFFICIALS VISIT RANGOON

## Officials Arrive 6 July

BK061424 Rangoon Domestic Service in Burmese 1330 GMT 6 Jul 85

[Text] Sri Khurshid Alam Khan, minister of state for external affairs of the Republic of India, arrived in Rangoon by air at 1100 this morning for a 3-day visit at the invitation of U Chit Hlaing, foreign minister of the Socialist Republic of the Union of Burma.

The visiting Indian minister of state for external affairs and his delegation were welcomed by Foreign Minister U Chit Hlaing, Deputy Foreign Minister U Hla Shwe, responsible officials from the Foreign Ministry, Charge d'Affaires ad interim of the Indian Embassy Sri T.P. Sreenivasan, and embassy staff. The Indian minister of state for external affairs is accompanied by Sri S.T. Devare, joint secretary of the Indian External Affairs Ministry, and Sri Pramadesh Rath, director of the ministry.

At 1400, the visiting Indian minister of state for external affairs and his delegation, accompanied by the Indian charge d'affaires ad interim, called on Foreign Minister U Chit Hlaing at the Foreign Ministry annex and discussed matters of mutual interests. At 1900, Foreign Minister U Chit Hlaing hosted a dinner for the Indian minister of state for external affairs and his delegation at Shwewarzaung room at the Karaweik Hall.

## Received by U San Yu

BK080736 Rangoon Domestic Service in Burmese 0630 GMT 8 Jul 85

[Text] U San Yu, president of the Socialist Republic of the Union of Burma, received Sri Khurshid Alam Khan, India's minister of state for external affairs, at the President's Office on Windemere Road at 0930 today.

Also present together with President U San Yu at the meeting were Foreign Minister U Chit Hlaing, Director General Colonel Aung Myint Baw of the President's Office, and Director General U Aung Thant of the Foreign Ministry's Protocol Department. The visiting minister was accompanied at the talks by Charge d'affaires of the Indian Embassy Sri T.P. Sreenivasam, and Joint Secretary Sri S.T. Devare and Director Sri Pramadesh Rath of the External Affairs Ministry.

## Khan Meets Premier, Departs

BK081426 Rangoon Domestic Service in Burmese 1330 GMT 8 Jul 85

[Text] Sri Khurshid Alam Khan, India's minister of state for external affairs, visited the Prime Minister's Office at 1015 today and called on Prime Minister U Maung Maung Kha.

Present together with Prime Minister U Maung Maung Kha were Thura U Tun Tin, deputy prime minister and minister for planning and finance; U Chit Hlaing, minister for foreign affairs; and U Kyaw Tint, director general of the Prime Minister's Office.

The Indian minister of state was accompanied at the talks by Sri T.P. Sreenivasam, charge d'affaires ad interim of the Indian Embassy; Sri S.T. Devare, joint secretary of the External Affairs Ministry; and Sri Pramadesh Rath, director of the External Affairs Ministry.

At 1630, the visiting Indian minister of state and delegation left Burma by air. They were seen off at the airport by Foreign Minister U Chit Hlaing, Deputy Foreign Minister U Hla Shwe, responsible officials of the Foreign Ministry, Indian Charge d'Affaires Sri T.P. Sreenivasam, and staff members of the Indian Embassy.

REPORTAGE ON PRC CULTURAL MINISTER'S VISIT

Meets Thura U Tun Tin

BK081428 Rangoon Domestic Service in Burmese 1330 GMT 8 Jul 85

[Excerpts] Zhu Muzhi, the visiting PRC cultural minister, and members of his delegation, in the company of Fu Shunhe, charge d'affaires ad interim of the Chinese Embassy, called on Thura U Tun Tin, deputy prime minister and minister of planning and finance, at the Ministry of Planning and Finance at 1500 today.

Also present at the meeting were U Aung Kyaw Myint, minister for culture and information; U Aye Ko, deputy planning and finance minister; U Nyunt Maung, director general of the Planning Department; and U Okkar, director general of the Fine Arts Departemnt.

AT 1000 today, PRC Cultural Minister Zhu Muzhi paid a courtesy call on U Aung Kyaw Myint, minister for culture and information, at the Information and Broadcasting Department on Prome Road. The two ministers also talked on cultural matters in the television hall. Also present at the talks were U Than Maung, deputy cultural minister; directors general of departments under the Ministry of Culture; and Fu Shunhe, charge d'affaires ad interim of the PRC.

Received by U San Yu

BK091426 Rangoon Domestic Service in Burmese 1330 GMT 9 Jul 85

[Text] U San Yu, president of the Socialist Republic of the Union of Burma, received Zhu Muzhi, visiting PRC cultural minister, at the President's Office on Windemere Road at 1400 today.

Present at the meeting together with President U San Yu were U Aung Kyaw Myint, minister of information and culture; Colonel Aung Myint Baw, director general of the President's Office; and U Aung Thant, director general of the Foreign Ministry's Protocol Department.

Accompanying the visiting minister at the talks were Fu Shunhe, charge d'affaires ad interim of the PRC Embassy; (Shen Pengru), deputy director of the Bureau for Cultural Relations With Foreign Countries; and Guo Zhaozhua, director of Yunnan's Culture Bureau.

Departs 10 July

BK101413 Rangoon Domestic Service in Burmese 1330 GMT 10 Jul 85

[Text] The PRC cultural delegation headed by Cultural Minister Zhu Muzhi left Rangoon airport by a CAAC [General Administration of Civil Aviation of China] aircraft this afternoon. The delegation was seen off at the airport by U Aung Kyaw Myint, minister for information and culture; U Than Maung, deputy minister for culture; directors general and responsible officials of departments under the Ministries of Culture and Foreign Affairs; and Fu Shunhe, charge d'affaires ad interim of the PRC Embassy, and responsible embassy officials.



WORLD REPORTS 76 KAREN, MON SMUGGLERS EXECUTED

BK050919 Bangkok BANGKOK WORLD in English 5 Jul 85 p 3

[Text] Mae Sot -- Seventy-six Karens and Mons were charged with smuggling and executed by Burmese authorities between June 19 and June 28, Karen rebel sources claimed this morning.

The sources said that 19 Karen and Mon traders were executed by firing squad on June 19 in Thayettaw township, an area of the Karens' Sixth Brigade located about 50 kilometres west of this northern Thai border town. Those executed were reported to have done business with Thai traders, bringing goods to be sold at the Wangkha marketplace, opposite Mae Sot.

The sources said that the other 57 traders and civilians were killed between June 26 and June 28 while traveling in the area of Phalu marketplace. The executed were involved in the trade of clothes and several other kinds of goods from the Thai side. The sources said, however, that the stiff penalty for illegal trade launched by Burmese forces would not stop the traders and smugglers who were poor people.

A senior Karen in charge of Karen refugees, Pastor Saw Robert, told the WORLD this morning that a total of 14,916 Karen refugees are now residing in Tak Province. He said that their living conditions were very poor and that more Karens were expected to come, he said.

PARTY COMMITTEE MEETS, DISCUSSES ECONOMIC AFFAIRS

BK030620 Rangoon Domestic Service in Burmese 0130 GMT 3 Jul 85

[Text] U Sein Lwin, joint general secretary of the Burma Socialist Program Party [BSPP] met with chairman, secretary, and members of the Rangoon Division Regional Party Committee and members of township party units in the division at 1300 yesterday in the conference hall at the BSPP Central Committee headquarters to discuss organizational and economic matters. The meeting was also attended by U Zaw Win, member of the BSPP Central Executive Committee; U Htwe Han, U Than Hlaing, and U Thein Ngwe, secretaries of the party; U Nyein Maung and U Tin Latt, heads of departments; and members of the central affairs committees.

Joint General Secretary U Sein Lwin delivered an address in which he spoke in detail about unity in the party, scrutinization of party membership; systematic implementation of party office work in accordance with the directives; participation in the Rangoon city development and security tasks; observance of discipline and elimination of corruption among personnel; provision for correct leadership to the people's councils; minimization of loss and wastage and use of machinery at full capacity at mills, factories, and work establishments; correct use of the forces organized by the party in implementing the economic plan; assignment of cadres on the basis of putting the right person in the right place; and diligent efforts in carrying out economic plan activities in their respective townships.

U Zaw Win, member of the Central Executive Committee, next explained that duties contained in the guidelines on establishing the socialist economic system through the economic plan should be carried out as prescribed and that the 1985-86 economic plan should be implemented through collective efforts. He also explained the future economic tasks to be laid down by the fifth party congress. The meeting ended at 1500.



547 MISLED PERSONS RETURN TO STATE IN JUNE

BK110545 Phnom Penh Domestic Service in Cambodian 1300 GMT 10 Jul 85

[Text] After learning of the clement policy of the party and state, misled compatriots living under the oppression of the enemies have successively returned to the fold throughout the country. In June, 547 misled persons surrendered to state authorities and brought with them an assortment of 112 weapons. Among these returnees were 74 Moulinaka soldiers who turned themselves in to state authorities in Samraong District, Siem Reap-Oddar Meanchey Province. The returnees were warmly and most cordially welcomed by our state authorities and people who provided materials and created conditions for these compatriots to be reunited with their families and earn a living like other Cambodian citizens throughout the country.

CHEAN SIM GREET'S VIETNAM'S NGUYEN HUU THO

BK111615 Phnom Penh SPK in English 1141 GMT 11 Jul 85

[Text] Phnom Penh SPK July 11 -- Chea Sim, chairman of the National Assembly, has greeted his Vietnamese counterpart, Nguyen Huu Tho, on his 75th birthday. In his message, Chairman Chea Sim said:

"We highly appreciate the immense sacrifices of the heroic Vietnamese people who have helped and encouraged the Kampuchean people in their struggle for independence and socialism in the People's Republic of Kampuchea, and against the genocidal Pol Pot-Ieng Sary-Khieu Samphan clique and other Khmer reactionaries like Sihanouk and Son Sann, unconditional valets of Chinese expansionist-hegemonists in collusion with the U.S. imperialists and other international forces of reaction. We are convinced that under your perspicacious leadership, the relations between the supreme bodies of our two countries will be developed and consolidated with every passing day for the well-being of our two peoples and for the cause of peace and socialism in the world."

Chairman Chea Sim wished for the ever-lasting friendship, solidarity and multiform cooperation between the peoples of the two countries. He also wished Chairman Nguyen Huu Tho and the entire Vietnamese people new and greater successes in all revolutionary tasks.

LEADERS CONGRATULATE LAO PRESIDENT ON BIRTHDAY

BK111306 Phnom Penh SPK in English 1145 GMT 11 Jul 85

[Text] Phnom Penh July 11 -- Kampuchean leaders have sent greetings to Souphanouvong, president of the Lao people's Democratic Republic and chairman of the Lao People's Supreme Assembly, on his 76th birthday. The joint message signed by Heng Samrin, general secretary of the People's Revolutionary Party of Kampuchea Central Committee and president of the State Council, and by Chea Sim, chairman of the National Assembly, reads:

"We note with pleasures that thanks to your personal efforts, the ties of friendship, special militant solidarity and multiform cooperation between our two parties governments and peoples have been ever more strengthened, thus constituting a factor for the common victory of the three Indochinese peoples for the cause of peace and stability in Southeast Asia and the world as a whole." The message wishes the Lao leader the best of health, longevity, happiness and new, greater successes in his noble tasks.

LEADERS SEND MESSAGES TO HUNGARIAN OFFICIALS

## Heng Samrin Greets Losonczi

BK091516 Phnom Penh SPK in English 1126 GMT 9 Jul 85

[Text] Phnom Penh SPK July 9 -- Heng Samrin, president of the State Council of the People's Republic of Kampuchea, has warmly congratulated Pal Losonczi on his re-election as president of the State Council of the People's Republic of Hungary. In his message the Kampuchean leader said:

"Under your clear-sighted leadership based on the political line, set forth by the 13th H.S.W.P. [Hungarian Socialist Workers Party] Congress, the Hungarian people will record new, greater successes in their contribution to reinforcing the socialist community and to maintaining a durable peace for the whole mankind.

"I have a firm conviction that the ties of friendship, solidarity and cooperation between the parties, the governments and the peoples of our two countries will be developed and consolidated constantly".

President Heng Samrin wished Pal Losonczi the best of health and new, greater successes in his noble tasks for social progress and for peace in the world.

## Hun Sen Congratulates Lazar

BK091602 Phnom Penh SPK in English 1128 GMT 9 Jul 85

[Text] Phnom Penh SPK July 9 -- Hun Sen, chairman of the Council of Ministers, has warmly congratulated Gyorgy Lazar on his re-election as chairman of the Council of Ministers of the Hungarian People's Republic. Premier Hun Sen expressed his firm conviction that the fruitful results of the 13th Congress of the Hungarian Socialist Workers' Party and the recent elections, will help obtain greater successes in building Hungary.

VONADK: SIX VILLAGES 'LIBERATED' 6 JUL

BK110542 (Clandestine) Voice of the National Army of Democratic Kampuchea in Cambodian 2315 GMT 10 Jul 85

[Battle reports from various battlefields]

[Excerpt] On 6 July, we attacked and swept the Vietnamese enemy along the Sangke river. We killed or wounded a number of Vietnamese soldiers and liberated six villages: Kantuot Ti Muoy, Kantuot Ti Pi, Changho Thmar, Sasar Pok, Kahot, and Stoeng Kach.

PASASON CRITICIZES SHULTZ' TOUR OF ASIA

BK061317 Vientiane KPL in English 0906 GMT 6 Jul 85.

[Text] Vientiane, July 6 (OANA-KPL) -- Asian and Pacific tour of U.S. Secretary of State George Shultz is another Washington act of attempt to draw the regional nations, particularly Thailand, towards the U.S. military venture in this region, writes PASASON in its commentary today.

The paper continues: There is no coincidence that the tour of George Shultz was nearly done at the same time of a recent secret fact-finding inspection at the Kampuchean-Thai border by CIA man. But both acts are planned in advance by the White House, lying in its unchangeable strategy against the revolution of the three Indochinese countries.

In this respect, the paper continues, the tour of U.S. secretary of state is clearly indicative of constant efforts to drag the ASEAN countries into Washington arms-race in this part of the world. And it is regrettable to observe that some ASEAN member countries are to be easily lured with U.S. bait.

The U.S. bait of F-16 fighter-bombers sale, and the joint U.S.-Thai military maneuver "Cobra Gold '85" are parts of U.S. schemes to dominate Thailand. Besides its active support to Thailand, the Reagan administration's \$5 million aid to the Pol Pot and other Khmer reactionary groups was not humanitarian characterized but direct U.S. interference in the regional problems.

In this regard, the paper points out, China seems to be in a good mood. Of course, China has fulfilled its long aim by having succeeded in dragging U.S. to bear the share of its burden as regard to the Kampuchean problem. This time, Washington was hooked by Beijing flattery otherwise it will never openly participate in the latter's undeclared war against the Kampuchean's reconstruction task and the three Indochinese countries, whereas the U.S. bitter lessons during its past aggression against Vietnam are still stalking the memory of its public.

Therefore, the discussion to be done by George Shultz during his tour would surely be those concerning the task of aggravating regional tension and preventing a trend of dialogue between the two groups of countries in this region, concludes the paper.

PHOUMI VONGVICHIT ATTENDS FILM SCREENING

BK111358 Vientiane KPL in English 0907 GMT 11 Jul 85

[Text] Vientiane, July 11 (OANA-KPL) -- The Lao Women's Union, on July 9, organized here a film-screening about a process of activity of the First Congress of the Lao Women's Union.

Among those present on the occasion were Phoumi Vongvichit, Political Bureau member of the Party CC, vice-chairman of the Council of Ministers, and other senior officials.

Diplomatic envoys of socialist countries here were also present.

USSR FOREIGN MINISTRY OFFICIAL TO VISIT THAILAND

HK120656 Hong Kong AFP in English 0633 GMT 12 Jul 85

[Text] Bangkok, July 12 (AFP) -- The director of the Soviet Foreign Ministry's Southeast Asian department, Anatoliy Zaytsev, is to visit here later this month to exchange views on bilateral and regional political affairs with Thai officials, it was announced today.

Thai Foreign Ministry spokesman Sawanit Kongsiri said Mr. Zaytsev's five-day visit, beginning July 24, was part of a Southeast Asian tour. Mr. Zaytsev is also expected to discuss the agenda for the annual United Nations General Assembly session in New York in September, the spokesman said. Thailand is a non-permanent member of the U.S. Security Council.

Mr. Sawanit did not give any details of Mr. Zaitsov's itinerary but observers think it likely it will include pro-Soviet Vietnam.

COLUMN CLAIMS U.S. HURTING RICE EXPORTS

BK110704 Bangkok SIAM RAT in Thai 10 Jul 85 p 7

["Soi Suanphlu Column" by M.R. Khurkrit Pramot]

[Text] U.S. Secretary of State George Shultz is now in Thailand. An English-language paper says he will discuss trade and Cambodia while here.

Go ahead and discuss the Cambodian problem and keep discussing it until the problem of our people's hardship and hunger as the result of constant dropping rice prices is ignored. Time will come when Thai farmers are transformed into Thai Rouge under the leadership of Khieu Sawoei. With whom could we discuss our problem then?

The reception for Shultz will be more protocol than anything else. There will be lunches and dinners with attendants wearing modern formal Thai suits with black belts (Wonder where they took judo lessons?) and other ornaments.

Thai farmers will still be unable to sell their paddy and will still be poor when Shultz leaves. The life of Thai farmers depends on paddy. They would have no complaints if they could sell their paddy in good amounts and at good prices. They have economic problems only if they can sell a little paddy at low prices.

The United States is the culprit in this matter because it is Thailand's competitor in the world markets. The United States gives considerable subsidies to its rice farmers every year because the U.S. Government wants to be popular with farmers. It sells rice to foreign countries, competing in Thailand's rice markets. Head to head, U.S. rice is no match for Thai rice due to its higher prices, but rice buying countries are poor nations. As for Thai rice, its prices must not be too low because Thailand is a poor country, and it must sell for cash not on credit. The United States, as a rich country, takes advantage of this by extending 3 to 4 years of credit to its buyers. Thailand is thus victimized, having its rice markets taken away just like that.



On subsidies to producers, the United States does it, but when Thailand, too, does it, the United States reacts to the extent that it bans imports of Thai textile products. We do not give financial subsidies to our producers but gives only packing credits to exporters and import duty privileges to products that would be re-exported. The United States regards this as a subsidy -- what a terrible thing to do! If the United States cooperates with Thailand, both could control 60 percent of the markets, in effect, controlling the world rice market. Both can then manipulate the rice prices as they wish instead of competing with each other to each other's detriment. Cooperation in and remedy of the rice issue can be negotiated with not much difficulty for benefits of both sides. Please discuss this matter seriously with Shultz just this one time. There is not much use in showing him Cambodian refugee camps; his time can be saved by showing him a movie, which would only take half an hour.

Please discuss business seriously for once; do not use this visit as an occasion just to fete him. This is a matter of life and death for farmers. The land of justice and gold projects and the compost fertilizer project are dream projects of people wearing fancy suits in Bangkok. They will not yield any quick results.

#### CAMBODIAN BORDER TRADE CONTROL BILL PASSES

BK111027 Bangkok BANGKOK WORLD in English 11 Jul 85 p 3

[Text] The House of Representatives this morning passed a Defence Ministry-proposed bill to tighten control on trade along the Thai-Kampuchean border. The bill sailed through three readings despite opposition from some MPs. The bill was submitted to the lower house by Deputy Defence Minister Phaniang Kantarat who said that the present law governing trade at the border carried only light penalties and those found guilty of trading strategic goods would receive a sentence of only one or two months in jail. But in practice, those arrested for the offence would merely be given suspended jail terms.

Under the new bill, violators would receive harsher penalties and all strategic goods or vehicles used in the trade would become government property. The bill also includes more items listed as strategic supplies that would come under control. They are seasoning powder, tobacco, pla ra (fermented fish), sugar and clothes.

#### SOUTHERN COMMANDER SAYS COMMUNISTS ROBBED BUSES

BK110712 Bangkok NAE0 NA in Thai 10 Jul 85 pp 1, 10

[Excerpt] Commander of the 4th Army Region Lieutenant General Wanchai Chitchampong told newsmen on 9 July that he thinks the recent robbery of 15 buses together at one time was the combined work of communist terrorists and local bandits because it occurred in the area bordering Chiang Yai and Hua Sai districts of Nakhom Si Thammarat. The area has been hit by drought in the past 2 years. He said on 8 July he assigned his deputy, Major Gen Panya Singsakda, to handle the case. He said some local policemen might be transferred and ranger volunteers will augment soldiers overseeing security in the area if necessary.

ARMY RADIO BLAMES PLANE AFFAIR ON LAO ATTITUDE

BK081309 Bangkok 1st Army Division Radio in Thai 2300 GMT 2 Jul 85

["Sayamanusati" program]

[Excerpts] It was disclosed during a recent news conference at the Supreme Command Information Office that the Thai Government, through the Royal Thai Air Force and Foreign Ministry, would hand over an Antonov An-2 aircraft to the LPDR Government during a ceremony scheduled to be held at Wing Command Headquarters 23 in Udon Thani Province on 26 June. Despite preparations made by the Thai side, the Lao Government later postponed the handover ceremony indefinitely. Our Sayamanusati program today would like to present an article, entitled: "The Lao Government's Insincerity," to expose all the political ploys used by the Lao Government against the Thai Government and its disregard for the good intentions Thailand has always reserved for the fraternal Lao people. It is appropriate to review the background of the whole story. The plane to be handed over to the Lao Government is a light cargo plane flown into Thailand in 1982 by two Lao pilots who could not tolerate the oppression and persecution in Laos. Upon their landing in Udon Thani Province, the Lao pilots informed Thai authorities that they wanted to seek political asylum in a third country. Since then the Thai Air Force has been taking care of the aircraft pending its return to the Lao Government. Like any other vehicles, the aircraft must be restarted regularly, otherwise its engine will rust and its battery will deteriorate. The Air Force has spent a lot of money during the past nearly 4 years to keep the aircraft in working condition because it is the property of the Lao people. The Lao Government has twice asked Thailand to return the aircraft but postponed the handover ceremonies on both occasions itself. At the same time, it launched propaganda against Thailand by shamelessly lying to the world that the Thai Government was not ready to give back the aircraft.

Dear listeners, the postponement of the handover ceremony of the aircraft has indicated the insincerity of the Lao Government, which is now under Vietnamese influence and dictate. The Lao Government cannot make any decision by itself. It is insincere in adhering to the Thai-Lao joint communique issued in 1979. Worse still, the Lao foreign minister issued a statement on Thai-Lao relations on 6 June slandering the Thai Government and people and asking the Thai Government to appoint a delegation to renew the negotiations on the dispute over the three border villages in Uttaradit Province. This is an attempt to distract the world people's attention from the Vietnamese military occupation of Cambodia.

There is no need for negotiations over the disputed border villages because there are no Thai troops in the area. The Lao Foreign Ministry statement against Thailand proves that Laos has willingly allowed itself to be used as a tool by Vietnam. On 3 December 1984, the Thai foreign minister sent a letter to the acting Lao foreign minister reaffirming that Thai troops were withdrawn from the three villages since 13 October 1984. Thailand has always made serious efforts to promote and strengthen amicable relations with Laos, for both countries share the same race, faith, language, culture, and traditions. The Thai people consider the Lao people as relatives.

The Lao Government is therefore requested not to highlight a problem that does not exist. It is also asked not to attempt to separate the Thai Government from the Thai people. Thailand is an independent, sovereign, and prestigious nation. The Thai people live in a free society. The Thai Government was elected by the people in accordance with the democratic system. The Lao Government must be independent in dealing with the international problem. It must not serve as tool of Vietnam and the outside superpower or act as a propaganda megaphone for them. The past behavior of the Lao Government in dealing with the Thai Government and people clearly indicates that it is insincere and has no intention of amicable ties between Thailand and Laos.

Dear listeners, the postponement of the handover ceremony of the aircraft by the Lao side has proved that the Lao Government is still influenced and manipulated by Vietnam. The Lao fraternal people have been living in oppression, poverty, and hardship. They should join hands and consolidate their forces to establish an independent administrative system for the sake of their own dignity and free themselves from foreign enslavement. The Thai Air Force is always ready to hand over the aircraft to the Lao fraternal people at the request of the Lao Government.

#### EDITORIAL VIEW BAN TO BUDGET DEBATE BROADCAST

BK081705 [Editorial Report] Three Thai-language Bangkok papers -- MATICHON, THAI RAT, and NAE0 NA -- on 4, 5, and 6 July respectively carry editorials criticizing the government for banning live broadcast of the parliamentary debate on the draft budget bill for fiscal 1986.

MATICHON's 600-word page 4 editorial entitled "Democratic Conscience" deplores the government banning of the live broadcast, saying the government has deprived the people of their right to be informed on political developments and the method of work of the legislative and executive branches. It says that the draft budget bill is a very important bill reflecting the government's determination and effort to transform its stated policies into reality and that contrary to its decision, the government should have taken the opportunity of the parliamentary session to let the people learn about how it is going to spend their tax money in administration. "It is such a pity that the government has overlooked the benefits it should have gained from allowing live broadcast of the house debate," the editorial concludes.

THAI RAT's 800-word page 3 editorial entitled "The Role of Parliamentarians" says the cabinet decision is deplorable. It says that political parties in both the coalition and the opposition do not agree with it and that the government's reason for banning the broadcast is because it is afraid the debate could entail libel cases since the Public Relations Department is not covered by legal immunity under the Constitution. THAI RAT says it is a pity that the government only looked at the legal aspect of the matter, thus ignoring the political significance of the live broadcast. "This is why the government was blamed for being narrow-minded. By banning live broadcast of the house debate on the draft budget bill, the government has deprived the people of a chance to know how their elected representatives perform their duties in parliament as a check on the executive branch," the editorial says, adding that the annual budget bill proposed by the government is a very important bill and directly concerns all the people. It says that the government should be broadminded and let the people know how it is going to spend their tax money and how the parliamentarians perform their duty in controlling the government's spending. By banning the broadcast, THAI RAT says, the government has minimized the already limited role played by elected representatives of the people, concluding that the measure will automatically affect public faith in democracy.

NAEO NA's 800-word page 3 editorial entitled "A Standard To Follow" rebuffs the government's claim of using the past ruling of the Supreme Court as standard practice. The editorial says that in 1981, a private company filed a libel suit against an MP and the Public Relations Department over a libelous statement against it during a live broadcast of the government's budget bill debate. It says that the Supreme Court ruled that although the live broadcast was not protected by legal immunity, the Public Relations Department could not be penalized because it acted on the order of the president of the parliament and with the approval of the entire cabinet, and was thus doing its duty in accordance with a legitimate order. "The Supreme Court ruling has set a standard for future practice as such. The government's reason for not allowing live broadcast of the parliamentary debate for fear that the Public Relations Department would face a libel suit is therefore out of the question. It depends on whether the government accepts the importance of the people as being the owner of the country and whether it prefers to leave the people in the dark or let them know the truth," NAE0 NA concludes.



HANOI ENGLISH COMMENTS ON ASEAN'S PROPOSAL

BK111110 Hanoi International Service in English 1000 GMT 11 Jul 85

[Station commentary]

[Text] After 2-day meeting in Kuala Lumpur early this week, the foreign ministers of the Association of Southeast Asian Nations adopted a joint statement calling for proximity talks between the self-styled Coalition Government of Democratic Kampuchea and Vietnam. Their proposal, in fact, is the copy of the absurd allegation and demand made by the Thai authorities following their meeting with Chinese leaders in Beijing early this month. For this reason, it does not reflect the real stand of the ASEAN countries.

The ASEAN proposal is doubtless aimed at saving the remnants of the genocidal Pol Pot clique from disintegration. Over the past 6 years, the hostile forces have sought every possible means to prop them up against the People's Republic of Kampuchea and the other Indochinese countries. As criminals, the Pol Pot clique has no foothold in Kampuchea. Without the backing of reactionary forces from outside, they would not have remained in existence.

In the last dry season, they had suffered bruising blows dealt by the Kampuchean Revolutionary Armed Forces in coordination with Vietnamese Army volunteers, and their setbacks were described as heaviest within 6 years. Now they are no more than a gang of murderers vehemently condemned by the Kampuchean people and progressive mankind. The head of the Commission for External Relations of the Communist Party of Japan, (Hirochi Takichi), said that no Kampuchean wants to restore the genocidal Pol Pot regime.

The Indonesian paper MERDEKA pointed out in its June issue [as heard] that the Heng Samrin government has seized power in Kampuchea, a sovereign country, and that the name of Democratic Kampuchea exists in paper only. So, the ASEAN proposal for indirect talks between the so-called Coalition Government of Democratic Kampuchea and Vietnam is a challenge to the conscience of progressive mankind. It runs counter to the growing public demand for elimination of the genocidal Pol Pot gang in order to promote dialogue and early reach a political solution to the Kampuchean issue and other problems in Southeast Asia.

It is necessary to recall that Vietnam only recognizes the People's Republic of Kampuchea. If any problems crop up, Vietnam will only discuss it with the People's Republic of Kampuchea. Under the leadership of President Heng Samrin, the People's Republic of Kampuchean Government is enjoying ever broader sympathy and support from the entire Kampuchean people and effectively controlling the whole territory of Kampuchea.

It is an established fact that the Kampuchean situation is irreversible. The ASEAN countries should not follow Thailand's lead, because the latter's policy of confrontation and division in Southeast Asia is only beneficial to the Beijing expansionist.

We hope the ASEAN countries will positively respond to our fair and reasonable 5-point proposal on 18 January 1985. This is the only correct way to solve the Kampuchean issue. Any outmoded policy is doomed to failure.



NGUYEN CO THACH INTERVIEWED ON SOUTHEAST ASIA

LD111328 Budapest Domestic Service in Hungarian 2020 GMT 10 Jul 85

[Miklos Keleti report from Ho Chi Minh City, including recorded interview with SRV Foreign Minister Nguyen Co Thach in May in Hanoi -- recorded]

[Excerpts] According to some opinions, the United States is seriously considering whether it is worthwhile to carry on supporting the Sihanouk-Pol-Pot coalition which a few months ago suffered a serious military defeat, losing all its permanent military bases. As yet, the official stance is unchanged, to demonstrate this Shultz visited several refugee camps on Thai territory and made speeches attacking SRV policy.

Of course the Southeast Asian leaders pay attention not only to American opinion and Shultz. By the way, it is by no means certain that Shultz said the same thing confidentially to the ASEAN foreign ministers that he said in his statements to the press. The point is, the ASEAN countries take into account Beijing's stand as well. So far the PRC has not decreased its political and military support to the Polpotists.

How is all this perceived in the SRV? In Hanoi's view there is a close relationship between SRV security and the state of affairs in neighboring Cambodia. Recently, in Hanoi, I asked SRV Foreign Minister Nguyen Co Thach about these matters: The military forces of the opposition coalition have suffered a serious military defeat in Cambodia. To what extent has a new situation developed from the point of view of a final settlement?

[Begin recording] [Nguyen Co Thach speaking in French, with Hungarian translation superimposed] I think the most important fact is that the Cambodian people and the People's Army play an increasingly larger role in events. Considering the latest military maneuvers, our forces and the units of the new Cambodian Army had a 50-50 share in the fight against the Polpotists bases. If no political solution whatsoever is found, it is expected that within 10 years the Cambodian Army will be so strong that it will be able to protect the country by itself.

[Keleti] According to the SRV and Cambodian stance, essentially the only condition of a political settlement is the exclusion of the Polpotists. The government in Phnom Penh is ready to negotiate with anyone else. However, China considers the Pol Pot faction the most significant and practically the only effective anti-SRV force, even though it lost its bases. In this connection the current relationship with China and the SRV is of course not irrelevant.

[Nguyen Co Thach] Luckily, it is not worse than before, but no progress can be noted. Much was said about a so-called second lesson -- that is, a further war similar to the one in 1979. This did not take place, possibly because in Beijing, too, the thought occurred of who gave whom a lesson in the war 6 years ago. [end recording]

[Keleti] While there are many significant changes in Chinese foreign policy, and Vice Premier Yao Yilin is currently holding talks in the Soviet Union, the relationship between Beijing and Hanoi remains strained. Let us now listen to the opinion of the SRV foreign minister about SRV-U.S. relations.

[Begin Nguyen Co Thach recording] At present there is no sign of improvement, but at the same time I can say that the negotiations on the search for the U.S. soldiers who died in the war are taking place in a good atmosphere. However, as yet, there is no chance for the normalization of relations. [end recording]

[Keleti] The positions of the interview, which was recorded in May, are still valid today, but both elements of Nguyen Co Thach's reply are noteworthy, including in other words, the one that negotiations about the search for the missing American soldiers are taking place in a good atmosphere. These negotiations also provide an opportunity for the partners to comment on issues which are not closely connected with the official agenda.

'ARTICLE' CRITICIZES USIS, RADIO FREE AFGHANISTAN

BK110810 Hanoi Domestic Service in Vietnamese 1430 GMT 9 Jul 85

[Radio editor "article": "U.S. Imperialism Is the One Who Distorts the Truth and Opposes Progressive Nations in the World"]

[Text] Along with setting up a radio station named after Jose Marti more than a month ago to oppose Cuba, the U.S. Senate recently adopted an amendment authorizing the establishment of a so-called Radio Free Afghanistan to oppose the Democratic Republic of Afghanistan.

According to various international statistics agencies, the United States currently maintains a mammoth counterpropaganda machine employing as many as 350,000 people. The U.S. information agency, USIS, is responsible for serving as the coordinating center for these reactionary propaganda activities.

The U.S.-established propaganda network is composed of 210 branches scattered in 125 countries in different forms. The real master of this network is none other than the CIA. The United States' propaganda is divided into three levels: white, grey, and black. White propaganda consists of documents issued by the White House and publicized by USIS. Grey propaganda encompasses all sources of information originating from organizations considered independent of the U.S. Government. For its part, black propaganda is supposed to use material collected directly from real life, not through any government or private sources. But whether they are white, grey, or black, these sources of information are all aimed at destabilizing the progressive and revolutionary countries and fomenting dissension in other nations to serve the designs of imperialism.

Radio stations are regarded as the most effective instrument and they are often used to disseminate grey and black information. For instance, in 1958, when U.S. troops were dropped into Lebanon, the CIA set up a clandestine radio station broadcasting in the Arab language named the Voice of Just Cause. This radio poured out propaganda to misrepresent the Arab people's war of resistance against the invasion of the Middle East by the U.S.-backed Israelis.

In 1961, while preparing to invade Cuba, the United States put into operation in the Caribbean Sea a radio station named Swan, making daily appeals to the Cuban counter-revolutionaries to rise up and oppose the revolution. Later, another mobile U.S. broadcasting station called Radio Independent Cuba was set up in Miami to carry out anti-Cuban propaganda.

In Europe, where the United States is intensifying the confrontation between two groups of countries to provoke a new war, Washington has for long conducted a propaganda war on radio waves against the socialist countries. The tools used in this war are Radio Liberty and Radio Free Europe. The United States has resorted to every way to recruit workers for these radios from among the traitors to their socialist homelands. From these so-called Radio Liberty and Radio Free Europe, fabricated and slanderous information is disseminated by the United States to entice and attract people who are credulous enough to believe in the free world of which the United States boastfully claims to be the leader.

In Asia, using its own means or through the cooperation of its allies, the United States has also established a system of radio broadcasting stations to oppose other countries, such as the Voice of Free Asia and the Voice of America, the latter having a ground relay station in Sri Lanka to beam its broadcasts to India and other relay stations in Bangkok and the Philippines beaming to the Southeast Asian countries. The United States also uses satellites to regularly relay radio broadcasts directly to each country in this region. Washington has recruited employees for these stations from among the emigrants from various countries.

In addition, USIS has at its disposal no less than 2,000 television shows in 62 languages which are poured into 125 countries. Through various USIS branches including the U.S. information and cultural services in various nations, the CIA has introduced counterpropaganda documents into many states.

The adoption of the amendment to establish Radio Free Afghanistan is only a further step taken by the United States to oppose the progressive and independent countries. Against the background of the United States and international reactionary forces stepping up their current undeclared war against Afghanistan constitutes a gross violation of international law and a blatant interference in the internal affairs of an independent and sovereign country.

#### PAPER CONDEMNS PAKISTANI 'ARMED PROVOCATIONS'

OW082202 Hanoi VNA in English 1727 GMT 8 Jul 85

[text] Hanoi VNA July 8 -- "Pakistan is causing instability and plotting to provoke armed conflicts in South-west Asia in service of the U.S. imperialists and other international reactionary forces," says QUAN DOI NHAN DAN in a commentary today. The commentary says that by so doing the Pakistani authorities are running counter to the aspiration for peace and stability of the peoples in the region as well as of the Pakistani people themselves.

The paper goes on: "Since early last month, Pakistani troops have repeatedly fired at the Barikos border post of Afghanistan. Meanwhile, Pakistani artillery and anti-aircraft units have shelled deeply on the territory and airspace of Afghanistan. Along the border line with India, Pakistani troops have also opened fire on Indian border guard units in the territory of the Jammu and Kashmir state illegally occupied by Pakistan. Pakistan has also sent to the Indo-Pakistani border a great quantity of modern weapons, including "Cobra" helicopters supplied by the United States, and built a spying radar system.

"Pakistan's armed provocations against neighbouring Afghanistan and India are aimed at definite objectives and directly goaded by the United States and its expansionist ally.

"In several regions of Pakistan, the United States and other international reactionary forces are joining efforts to build more training camps for the Sikh secessionists in their operations against India and Afghanistan. Islamabad has proved itself to be very diligent in playing its role of a regional gendarme," the paper says.



COMMITTEE ANNOUNCES NEW POPULATION CONTROL PLAN

OW111555 Hanoi VNA in English 1532 GMT 11 Jul 85

[Text] Hanoi VNA July 11 -- The Hanoi Committee for Population and Family Planning has announced a plan to reduce the capital's natural population growth rate from 1.95 per cent at present to 1.5 per cent in the suburban areas and to less than 1.5 in the downtown in 1986. The committee calls on each family to have one or two children, and in this case the first and the second births should be at least five years apart. Married women should have their first babies at the age of 22 upwards.

Couples of reproductive age are called upon to observe family planning. Administrative and mass organizations executives are responsible for the dissemination of contraceptive measures, making them widely available to the population and applying incentive policies with regard to observant couples.

SALE OF U.S. AIRCRAFT TO SINGAPORE REPORTED

BK111156 Hanoi International Service in English 1000 GMT 11 Jul 85

[Text] The U.S. Administration has made public a plan to sell 8 F-16 jet fighters, worth \$200 million, to Singapore. After Thailand, Singapore is the second country in Southeast Asia to purchase these U.S. modern fighters.

HOANG TUNG MEETS GDR RAPPORTEUR DELEGATION

OW110839 Hanoi VNA in English 0728 GMT 11 Jul 85

[Text] Hanoi VNA Jul 11 -- Hoang Tung, secretary of the Communist Party of Vietnam Central Committee, has cordially received a rapporteurs' delegation of the Central Committee of the Socialist Unity Party of Germany (S.E.D.) The delegation included Heinz Reinnecker, department head at the S.E.D. Central Committee's Propaganda and Training Commission, and Prof. Dr. W. Kupfeschmidt, lecturer of the Berlin College of Economics.

They gave talks on "political and ideological work in preparation for the 11th Congress of the SED" and on the "economic strategy of the SED" at the Departments of Propaganda and Training and of Economy of the C.P.V. Central Committee, the Committee for Social Sciences, the Propaganda and Training School of the C.P.V. C.C., the Journalists's Association, the Institute of Foreign Trade Economy, and in Hanoi and Quang Nam-Da Nang Province.

The delegation paid tribute at the Ho Chi Minh Mausoleum and visited the president's home and office. The delegation left here Wednesday.

VO VAN KIET-LED DELEGATION ARRIVES IN CUBA

OW091805 Hanoi VNA in English 1624 GMT 9 Jul 85

[Text] Hanoi VNA July 9 -- A Vietnamese planning delegation led by Vo Van Kiet, Political Bureau member of the Communist Party of Vietnam Central Committee, vice chairman of the Council of Ministers, and chairman of the State Planning Commission, arrived in Havana last Sunday for a working tour of Cuba. The visit is made at the invitation of the Communist Party of Cuba [CPC] Central Committee and the Council of Ministers.



The vietnamese guests were welcomed at the airport by Jose Antonio Lopez Moreno, member of the CPC Central Committee, vice president of the Council of Ministers, and chairman of the State Planning Commission; and other senior Cuban officials. Hoang Luong, Vietnamese Ambassador to Cuba was present.

#### LEADERS CONGRATULATE HUNGARIAN COUNTERPARTS

OW062030 Hanoi VNA in English 1543 GMT 6 Jul 85

[Text] Hanoi VNA July 6 -- National Assembly Chairman Nguyen Huu Tho and Chairman of the Council of Ministers Pham Van Dong today sent their warmest congratulations to their Hungarian counterparts, Istvan Sarlos and Gyorgy Lazar, on their re-elections as president of the National Assembly and president of the Council of Ministers of the Hungarian People's Republic.

The Vietnamese leaders wished for further consolidation and fruitful development of the friendship, militant solidarity and fraternal cooperation between the two parties, states, National Assemblies and peoples of Hungary and Vietnam. Foreign Minister Nguyen Co Thach also congratulated Peter Varkonyi on his re-appointment as minister for foreign affairs of the Hungarian People's Republic.

#### FUNCTIONS COMMEMORATE MONGOLIAN NATIONAL DAY

OW110831 Hanoi VNA in English 0702 GMT 11 Jul 85

[Text] Hanoi VNA Jul 10 -- A meeting was held in Bac Giang, capital of Ha Bac Province, north of Hanoi, this afternoon to mark the 64th national day of the Mongolian People's Republic (July 11).

The meeting was attended by Nguyen Chi Dung, vice-minister of light industry and vice-president of the Vietnam-Mongolia Friendship Association; Mai Thuc Lan, chairman of the provincial People's Committee; and representatives of the Foreign Ministry and the local population.

Mongolian Ambassador Gelegiyn Adiyaa was present.

In his address, Mai Thuc Lan brought out great achievements recorded by the Mongolian people over the past 64 years under the leadership of the Mongolian People's Revolutionary Party headed by esteemed Comrade Jambyn Batmonh and their considerable contributions to the struggle against imperialism and other international reactionary forces, for peace, national independence and social progress.

In reply, the Mongolian ambassador thanked the Communist Party and people of Vietnam for their warm feelings toward and valuable support for Mongolia's revolutionary cause, he wished the Vietnamese people, particularly the population of Ha Bac Province, new and ever bigger achievements in socialist construction and national defence.

A film show was arranged in the August Cinema here yesterday evening by the Vietnamese Ministry of Culture in honour of this event.

Among the spectators were Nong Quoc Chan, vice-minister of culture; Le Duc Cang, assistant to the Vietnamese foreign minister; and Mongolian Ambassador Gelegiyn Adiyaa.

AUSTRALIATRANSPORT COORDINATING GROUP SET UP WITH CHINA

BK111354 Melbourne Overseas Service in English 1230 GMT 11 Jul 85

[Text] The Australian and Chinese Governments are to set up a top-level body to promote cooperation in the transport sector. In an announcement from Canberra, the prime minister, Mr Hawke, said the new official body could involve cooperation in transport economics, railways, highways and bridges, ports and harbors, cargo handling, and air services.

One proposal already under consideration was for Chinese air controllers to be sent to Australia for training. Mr Hawke said it would also establish a framework for a wide range of private trade and commercial opportunities. He said an agreement to establish the transport coordinating group was reached last week in Beijing by Sir Peter Abeles, the leader of the Australian Government's special transport mission to China.

NEW ZEALANDBOMBS DETERMINED CAUSE OF GREENPEACE SHIP SINKING

HK111416 Hong Kong AFP in English 1335 GMT 11 Jul 85

[By Ray Lilley]

[Excerpt] Wellington, July 11 (AFP) -- Police today said explosions that sank a Greenpeace protest ship yesterday killing one crewman were definitely caused by bombs, and that professional saboteurs were suspected. "They knew where to put (the explosives) and they knew how to detonate" them, Detective Superintendent Alan Galbraith said of two blasts that sank the Rainbow Warrior, an anti-nuclear campaigning ship, at Auckland.

No one has claimed responsibility for the blasts at a wharf that killed Portuguese photographer and ship's chief engineer Fernando Pereira, 33, though police said they were hunting international sabotage experts.

Greenpeace International Director Patrick Moore said the bombings must have been political and carried out by somebody opposed to the aims of Greenpeace. "Our ambitions are to stop French nuclear testing, to stop the plans by Japan to dump nuclear waste in the Pacific, to stop the nuclear navies in the Pacific and to stop U.S. star wars programme," he said.

Greenpeace said late today that the sinking would not stop its campaign against French nuclear testing in the South Pacific Mururoa Atoll. Earlier today, a Greenpeace spokesman had said the organization would have to cancel a protest voyage to Mururoa next month.

Mr. Galbraith, in charge of the case, said there were probably two holes in the hull of the vessel where the devices exploded. He said one measured two meters (six foot seven inches) by 2.5 meters (eight foot four inches) and that it was thought the device had been attached to the outside of the 40-meter (130 foot) vessel, which had 15 people aboard. The second hole was covered by mud on the bottom of the harbour. "The damage corresponds with the damage to the pier at the same level," he said. "We can take from that there have probably been explosions on the outside of the vessel".

A special 24-strong police team was treating Mr. Pereira's death as murder.

Mr. Moore said he agreed that the bombing of Rainbow Warrior, which arrived in Auckland five days ago from Vanuatu, was the work of professionals. "The tremendous power of the explosions shows they were obviously very high explosive devices, the two of them, he said, adding they were almost certainly timed to go off. "They went off within minutes of each other and went off late in the evening, at a time when they could not have been set," said Mr. Moore.

New Zealand Prime Minister David Lange said his government would give police all the assistance they needed to solve the "outrage" of the bombing. He said evidence already meant "we now have a homicide, a major criminal act and an act with political or terrorist overtones."

#### Greenpeace Directors Thought Target

HK120032 Hong Kong AFP in English 0022 GMT 12 Jul 85

[Text] Wellington, July 12 (AFP) -- Greenpeace world director Dr. Patrick Moore said today somebody may have tried to kill all seven of the organization's world directors with the two bombs that sank the protest ship Rainbow Warrior in Auckland Wednesday night.

Dr. Moore said all seven world directors of Greenpeace were in Auckland and had planned to sleep Wednesday night aboard the vessel. "Only a last minute decision that led us to go to Piha (a coastal settlement) kept us from sleeping aboard," Dr. Moore said. "We may well have been sleeping in the very compartment below decks where Fernando (Pereira, the crewman killed in the blast) was killed." Dr. Moore said he was not ruling out the possibility that there was a spy in the Greenpeace organisation since very few people even knew the seven world directors were meeting in Auckland. He said they were feeling "quite lucky" they were not on board the Rainbow Warrior when the bombs exploded.

Police said the bombs were sophisticated devices and international terrorists may have been involved. A special team of detectives with divers and explosives experts was continuing intensive inquiries this morning.

#### French Suspect Sought

BK120740 Melbourne Overseas Service in English 0500 GMT 12 Jul 85

[Text] New Zealand police say they are looking for a Frenchman who was seen on board the Greenpeace protest ship Rainbow Warrior a few hours before it was sunk by bombs in Auckland harbor on Wednesday night. The head of the police inquiry into the bombing, which killed one crew member, said the international police organization, Interpol, has been asked to help trace the man.

The officers said the man was believed to have left New Zealand by air. He declined to say whether the man was a crew member of a French merchant vessel, the Helene Delmas, which was in Auckland at the time of the bombings. The Helene Delmas left Auckland yesterday bound for the New Zealand south island port of Lyttelton. Police say that as a matter of routine they want to interview the French ship's crew. Rainbow Warrior was being prepared to lead the flotilla of protest craft to the French Pacific nuclear test site of Mururoa Atoll when it was sunk. Police believe saboteurs were responsible for the two explosions which destroyed the converted trawler.



EDITORIAL VIEWS DIRECT TRADE TIES WITH PRC

BK101203 Jakarta THE JAKARTA POST in English 8 Jul 85 p 4

[Editorial: "Caveats on China Trade"]

[Text] It will take some time before direct trade between Indonesia and China will actually materialize, even though the Memorandum of Understanding on their trade normalization was signed in Singapore Friday. The agreement must first be approved by both governments and technical details still need to be arranged. The most important factor, though, is that the basic guidelines for direct trade links have been set down and both sides should do their best to take the most advantages from the opportunity.

The absence of direct trade links for over 18 years naturally requires a transition period for both Indonesian and Chinese businessmen. Both sides will have to develop good rapport and mutual trust which are crucial for successful business deals.

Basically, the normalization of trade with China is simply in line with Indonesia's official policy of promoting economic and trade ties with all countries irrespective of their social, political and cultural systems. But specially in the case of China, the government's willingness to normalize trade reflects a marked easing of its strong suspicions of the world's most populous country as a latent security threat.

Armed Forces Commander Benni L. Murdani maintains that Indonesia is ready to safeguard direct trade ties with China. Nonetheless, China should assume that the deeprooted suspicion among the Indonesian people and government, concerning China's alleged complicity in the abortive communist coup here in 1965, and its attitude toward the outlawed Communist Party in Indonesia, has entirely dissipated.

Instead, Chinese businessmen should expect, understand and accept tighter security clearance procedures than those imposed on other foreign traders, especially because China is a centrally-planned economy where the business sector is inseparable from the government. It is also for this reason that Indonesian businessmen dealing with China may expect to be subjected to some security measures as well.

The best service both parties (Indonesian and Chinese businessmen) can perform in helping pave the way for broader relationship is doing their best in developing trade for their mutual benefit. Many countries have proven that trade can prosper in the absence of diplomatic relations. There are two important things that China especially, should seriously attend to if it is sincere in doing trade with Indonesia and eventually restoring diplomatic ties.

Firstly, China should not nurture even one iota of concealed intention to use the trade ties as a channel for pursuing its political ambitions regarding the communist movement. The slightest suspicion on the part of Indonesia of such a thing will immediately put an abrupt stop to trade lines.

Secondly, Indonesia, through indirect trade, has so far imported much more than it has exported to China. Since the primary objective of this trade normalization is to expand Indonesia's nonoil exports, China should see to it that its trading firms really buy more Indonesian goods. At the initial stage, China's trading firms may relax its commercial terms on imports from Indonesia at least until the trade links run on a stronger foundation and China's awareness of Indonesian products increases.



MALAYSIAKUALA LUMPUR PRAISES ASEAN EFFORTS ON CAMBODIA

BK111105 Kuala Lumpur International Service in English 0300 GMT 11 Jul 85

[Unattributed Commentary]

[Text] The 18th ASEAN ministerial meeting held in the Malaysian capital of Kuala Lumpur is over, and as the host (?of the event), Malaysia can look back with satisfaction on a job well-done. Inevitably, the issue of Kampuchea tended to loom large in the ministerial deliberations. And it is not ASEAN's fault at all that Hanoi did not respond to the ASEAN proposal for proximity talks. That proposal, which was put forward by the Malaysian prime minister, Dr. Mahathir Mohamed, was intended to save any feelings of embarrassment the pro-Vietnamese government in Phnom Penh would have had to meeting face-to-face with the tripartite Coalition Government of Democratic Kampuchea, headed by Prince Norodom Sihanouk. But Vietnam will by now be well aware of the unanimity that prevails in ASEAN concerning a speedy settlement of the Kampuchean problem. It should also take note of the steady progress that ASEAN has been making in areas that concern economic and social questions.

As months and years pass, Vietnam is going to be more and more alienated from its own neighbors in Southeast Asia. The occupation of Kampuchea by Vietnamese military units will become even more expensive, and that will force Hanoi to become even more dependent on Soviet assistance. This is a kind of situation that will, by no stretch of imagination, be conducive to Vietnam's long-term economic viability.

It is difficult to see what more ASEAN could have done to try to accommodate Vietnam's interests. As the final communique states, Thailand has been the victim of Vietnam's blatant disregard for the sovereignty and territorial integrity of a neighboring country. Even so, the Government of Thailand and the other ASEAN governments have deliberately avoided a situation which may seem provocative to Hanoi. ASEAN has steadfastly pursued every idea and proposal for a peaceful settlement of the Kampuchean crisis. Once more, it can only be concluded that Vietnam should respond with sincerity to ASEAN's proposal. There were some very positive outcomes at the ministerial conference. There was unanimous support for mounting an all-out war on drug traffickers. The full support given to the recent UN secretary general's proposal to convene an international conference on narcotic drugs will be a source of strength for the UN -- also to other nations who want to follow the example set by ASEAN.

Several other topics on which accord was reached provide ample testimony to the steady evolution of ASEAN into a dynamic and viable entity. That kind of highly pragmatic approach accounts for the success of ASEAN. There is likely to be even more progress in the months to come. Datuk Musa Hitam, the Malaysian deputy prime minister, has described ASEAN as the second most successful example of regional cooperation after the European Economic Community. ASEAN does not fear change, for it is itself a child of change. The fact that several countries have shown an eagerness to enter into closer relations with ASEAN is one more significant fact. ASEAN will keep on growing and prospering.

GENERAL SAYS BOOBY TRAPS FOUND ALONG THAI BORDER

BK111404 Kuala Lumpur Domestic Service in Malay 1230 GMT 11 Jul 85

[Text] In Penang, General Commanding Officer for Peninsular Malaysia Major General Datuk Yakob Mohamed Zein has said that security forces have discovered 190 booby traps planted by Communist terrorists along the Malaysian-Thai border since last November.

Most of the homemade booby traps consisted of flashlight batteries, broken glass, and chemical explosives. Major General Yakob was briefing a 12-member delegation from the Penang General Hospital visiting Army 2d Division Headquarters.

SINGAPORE

STRAITS TIMES LAUDS PROPOSAL ON CAMBODIA

BK111219 Singapore THE STRAITS TIMES in English 11 Jul 85 p 14

[Editorial: "ASEAN's Offer Is Reasonable"]

[Text] Vietnam's legitimate interests in Indochina have been taken into account and the reality of Heng Samrin is tacitly accepted in the initiative by ASEAN to get proximity talks started between the parties directly involved in the Cambodian conflict. The Coalition Government of Democratic Kampuchea, according to ASEAN foreign ministers meeting in Kuala Lumpur this week, is ready to enter into exploratory talks with the Vietnamese, who can include Heng Samrin representatives in their delegation.

ASEAN has gone out of its way to sound out the three Cambodian resistance factions and obtained their understanding that, to be reasonable, the proposal should be without prior conditions. No requirements, therefore, have been placed on the Vietnamese to prove their sincerity. The ministers, for example, proposed that withdrawal of foreign troops be merely a subject of and not a precondition for the talks. There is, therefore, no reason why Hanoi should reject the proposal out of hand, as it appears to have done even before the offer was formally made.

In contrast, Vietnamese Foreign Minister Nguyen Co Thach has asked not only that Pol Pot be dropped from the resistance leadership but that China and Thailand stop helping the resistance fighters before Vietnam would consider pulling out its troops. This is tantamount to demanding that the Cambodian factions disarm unilaterally in return for a withdrawal that cannot be verified and that may very well turn out to be nothing more than one of those troop rotation exercises that Hanoi put on in the past to fool the world community. If Vietnam fails eventually to respond positively to the ASEAN proposal, that would only go to confirm that it is committed to imposing a military solution. Because of its apparent preference for the military option, reaffirmed every year by its dry season offensive, Hanoi has to be kept isolated diplomatically and aid, including military aid, to the Cambodian resistance forces has to be kept up.

So it is just as well that the U.S. seems to be ready to play a more active role in shoring up the resistance than merely following ASEAN's lead in the diplomatic arena. Congress is moving to provide overt military support worth U.S. \$5 million to the two noncommunist Cambodian factions this year and it was revealed this week that the Central Intelligence Agency has been covertly giving millions of dollars of non-military aid to the two groups since 1982. The Reagan administration will be able to do more as public opinion in the U.S. recovers fully from the previous Indochina trauma. President Reagan could also bring up the Cambodian issue during his summit meeting with Soviet leader Mikhail Gorbachev later this year. All steps, military and diplomatic, have to be taken to keep the pressure on Hanoi and convince it that such proposals as the latest one by ASEAN are among the most reasonable that it can hope to receive.

ASEAN TAKES 'WRONG STEP' ON CAMBODIAN ISSUE

HK111427 Manila TIMES JOURNAL in English 11 Jul 85 p 6

[Editorial: "ASEAN Takes Wrong Step on Kampuchea"]

[Text] ASEAN's call for "proximity talks" between Vietnam and the guerilla factions opposing the Hanoi-backed Phnom Penh regime sounds so futile.

For one, Vietnam has already dismissed the idea as a "trick" and has shown every indication that it will continue to support its Kampuchean allies through a substantial armed presence in that embattled country. Whatever led the ASEAN foreign ministers to hope that such talks could lead to a withdrawal of Hanoi's troops in Kampuchea baffles us. The chance that the Vietnamese would pay any serious attention to the proposal was perhaps irreversibly smothered when the foreign ministers failed to consider the strategic role China plays in that conflict.

While Vietnam may have the second biggest and most battle-tested army in Asia, it exists in perpetual fear of its giant neighbor to the north. That paranoia proved to be not totally unfounded when Beijing sent its troops across the border in the late '70s to "teach the Vietnamese a lesson." While Hanoi's regional militias easily made mincemeat of the attacking regular PLA units, the incident only served to convince Vietnam, falsely or otherwise, that China harbors very real expansionist designs.

Vietnam's continued military occupation of Kampuchea is but one sign that Hanoi still feels very strongly threatened by China. Of the three guerilla factions fighting the Heng Samrin regime, the biggest and by far the best equipped is the Khmer Rouge. It is the same Khmer Rouge that was responsible for the wholesale slaughter of at least three million Kampucheans during its brief rise to power. It is the same Khmer Rouge that China enthusiastically supports.

For as long as the Khmer Rouge continues to get aid from Beijing, there is little chance that the Vietnamese would show any willingness to agree to the ASEAN proposal for proximity talks.

Even as the Kampuchean conflict threatens to spill over the Thai border, ASEAN should at least show some reason and a grasp of geopolitical realities: Any solution would have to necessarily involve Beijing.

MARCOS ORDERS PROBE INTO INVESTMENTS ABROAD

HK111526 Quezon City Maharlika Broadcasting System in English 1100 GMT 11 Jul 85

[Text] President Marcos ordered a probe into reports that some government officials and private individuals have violated Philippine laws by illegally transferring their wealth abroad. He issued the order to Justice Minister Estelito Mendoza. Details from Bert Asuge:

[Begin Recording] In issuing the order, the president told Minister Mendoza to spare no one and to recommend punishment for those found guilty. The president's order followed published reports that some public officials and private individuals have violated Philippine laws, especially of ill-gotten or unexplained wealth, or have illegally transferred foreign exchange from the Philippines to other countries in violation of existing laws, rules, and regulations. The president ordered Mendoza to conduct an investigation of these and other relevant matters and submit his report immediately. He said that notwithstanding that the allegations of illegal activities are apparently based on innuendoes, rumors, and gossip, the high standards and the [words indistinct] which the present administration and the president established for all men in the public service, as well as those in the private sector, mandates the investigation.



It was learned that the investigation will include private individuals who made investments abroad in violation of Central Bank foreign exchange regulations. Those to be included, it was also learned, are exporters who have undervalued their foreign exchange receipts and stashed dollars abroad, in violation of the country's banking and foreign currency laws. In addition, a list of executives who have formed overseas corporations and used [words indistinct] for garnering huge commissions from their domestic corporate affiliates and then stashing dollars abroad will be investigated.

The president's action came in the wake of the series of stories that appeared in the San Jose MERCURY NEWS which [words indistinct] wealth of a number of prominent Filipinos that was brought illegally into the United States to purchase real estate and other property. [end recording]

SUPREME COURT ORDERS TRIBUNAL TO STAY JUDGMENT

HK111505 Hong Kong AFP In English 11019 GMT 11 Jul 85

[Text] Manila, July 11 (AFP) -- The Philippine Supreme Court today told a lower tribunal not to render any verdict on Armed Forces Chief General Fabian Ver and seven other soldiers accused in the Benigno Aquino murder case until a crucial trial issue is resolved. The restraining order was in response to a petition by prosecutors who feared that the eight, who are among 26 accused in the case, may be acquitted before the Supreme Court rules on the admissibility of the main evidence against them.

The evidence consists of their testimonies to a probe board which later said they lied and tried to cover up the August 21, 1983 shooting of the opposition leader at Manila Airport. The eight are on trial as accessories. The trial court last month refused to accept the testimonies as evidence, saying it would be in violation of the right against self-incrimination. This prompted the prosecution to ask the Supreme Court to reverse the ruling.

The Supreme Court today barred the lower court from "entertaining and acting upon any motion for the dismissal" of the case against the eight until it rules on the evidence issue. National Ombudsman Bernardo Fernandez, who controls the prosecution in the case, had argued in a hearing today that the trial court must be explicitly restrained from acting on any motion to acquit the accessories.

Gen Ver's Chief Counsel Antonio Coronel pledged before the Supreme Court today that he would not seek the acquittal of his client before it rules on the evidence issue and said a restraining order on the lower court was not needed. The Supreme Court, however, noted today that despite this promise other defense lawyers might file motions to dismiss the cases against the accessories, who include Metropolitan Manila Police Chief Major General Prospero Olivas. The prosecution maintains that the accessories never invoked and thus waived their right against self-incrimination when they testified before the citizens' probe board whose findings led to the current murder trial.

All 26 accused are also charged with the murder of Rolando Galman, a gangster slain at the airport and named by the military as Mr Aquino's communist assassin. Lupino Lazaro, a deputized prosecutor representing the family of alleged assassin Rolando Galman, also argued today for his separate Supreme Court petition to stop the trial altogether until the evidence issue is resolved. "We are asking the the suspension of the proceedings... on the basis of our allegation that the hearing is being conducted at a dizzying pace," said Mr Lazaro, whose petition was not given much weight because it was not backed by state prosecutors.



Legal observers here had said that Gen Ver moved closer to acquittal with the trial court's rejection of the main evidence against him. Although the prosecution submitted other exhibits to prove that there was a military conspiracy behind the Aquino murder, they admit that Gen Ver's probe board testimony is their strongest evidence of his participation in a coverup.

Only the accessories' testimonies were rejected as evidence by the trial court. The probe board's official report, which cited the testimonies in recommending charges against Gen Ver and the seven others, was accepted as evidence. If convicted, the accessories stand to get a jail term of 12 to 20 years for each of the Aquino-Galman murders. Prosecutors and defense lawyers could not be reached today for comment on the Supreme Court's restraining order.

EDITORIAL ON 'SPECIAL RELATIONS' WITH U.S.

HK120747 Quezon City VERITAS in English 7 Jul 85 p 6

[Editorial: "Special Relations"]

[Text] From the Filipino people's point of view, the Philippine holiday celebrated on July 4 is fast becoming an anachronism, if not an outright anomaly. Given the mutual problems confronting the two governments, the days of Fil-American friendship may well be numbered.

It has been pointed out often enough that the United States has been at ease with its imperial ventures abroad. The isolationist bent runs strong in the national character and often colors or counters American foreign policy. And yet the United States is a superpower whose influence touches every global issue, whose presence helps to shape and direct the course of world events. American ambivalence about its position abroad may explain the official bungling that has marred the conduct of its foreign relations resulting in what have been disastrous interventions in different parts of the world.

Perhaps then, in the spirit of genuine Fil-American friendship, it should now be pointed out that a grave flaw marks the major premise of current American policy in the Philippines. Officially the Americans see Ferdinand E. Marcos as part of the problem but continue to regard him as part of the solution.

The inherent contradiction in this judgement ignores the fact that Mr Marcos has been the cause of every concern raised in the American agenda for reform. On almost every issue, from electoral and judicial reform, to human rights and political freedoms, Mr Marcos has so far resisted whatever pressures may have been exerted on his government.

Obviously, it is not possible to ask someone to solve the problem if the solution means the removal or reduction of his control and authority. At least not if that someone is Mr Marcos.

Filipinos recognize that only they can solve their problems now and in the future. But it would be naive to deny the persuasive influence that the United States can wield on Philippine leadership. Thus if the present policy is to make any sense, the United States must be willing to put teeth to its threat and impose the conditionality of its support and its foreign aid. So far, Washington has been unable or unwilling to do so.

Not all Filipinos see the United States as the powerful partner in a malevolent alliance with a dictator. But they will however identify the American role as supportive of an unjust, repressive and corrupt regime if U.S. policymakers show themselves to be lacking in courage to make the tough decisions and to face up to the consequences of these decisions.

The situation would be comical if it were not so tragic for Filipinos and Americans alike. In reality, the superpower has been kept hostage, twitted and outwitted by the leader of this small country, one that has been labeled as its own "client-state."

It is time then for Filipinos to rethink the basis of "special relations" with the United States. Opposition leaders must do better than seek the ear of Washington. It must be their task to monitor the "special relations" between Washington and Malacanang and the various points that the United States has yielded to accommodate Mr Marcos. The Opposition must begin even now to reformulate Philippine foreign policy cognizant of the dangers that are built into these "special relations."

Only then can the Opposition make credible its promise for genuine and meaningful change. And only then can Fil-American friendship become real, without having to be propped up by a meaningless holiday.

#### CHIEF OF STAFF RAMOS NOTES NPA SABOTAGE SKILLS

HK111455 Manila TIMES JOURNAL in English 11 Jul 85 pp 1, 4

[By Daniel Florida and Rafael Viray]

[Excerpt] The Communist New People's Army may have already acquired the capability and technology to sabotage vital public utility installations, Lt Gen Fidel V. Ramos, acting Armed Forces chief of staff, said yesterday. The destruction, allegedly by NPA terrorists, of 26 transmission towers of the National Power Corp in Bataan, Tuesday gives Ramos' warning a more concrete meaning. The destroyed facilities were part of the 104-tower, 60-kilometer long power distribution system of the NPC's \$2.1-billion nuclear plant in Morong town. Two of the destroyed towers -- tower No. 26 in Mulawin, and tower No. 27 in Imelda, both in Abucay town -- were dynamited.

Ramos flew to Bataan yesterday to inspect the destruction with retired Brig Gen. Antonio Abaya, NPC special assistant for security. In a conference in Balanga with Bataan Gov Efren Pascual, Vice Gov Carolina Beltran and mayors, Ramos urged more active involvement by the civil authorities and the citizenry in the national anti-insurgency campaign.

Ramos asked the officials to include in the integrated security, plans for their respective areas of responsibility measures to:

-- Help the military prevent saboteurs from paralyzing the power distribution system of the nuclear plant.

-- Involve baranggay leaders and residents in safeguarding the facilities of the plant.

The baranggay leaders and residents can help particularly in informing the authorities of any plan by the insurgents to sabotage the plant. Two well-trained NPA demolition teams organized three months ago are said to have carried out Tuesday's sabotage mission. These two teams also reportedly belong to the NPA group that attacked the detachment of the 161st PC [Philippines Constabulary] company in baranggay Diwa, Pilar town, Sunday, killing two soldiers and wounding four others. On April 16, the same group allegedly killed four Civilian Home Defense Force members in an ambush in baranggay Capitangan, Abucay, about two kilometers from baranggay Gabun, where the demolition teams recently toppled NPC's tower No. 46 by sawing its foundation posts.

Abucay said that, of the 26 destroyed transmission towers, 14 were toppled, six by dynamite and eight by destroying their bolts and braces. NPC engineers said about P1 million was needed to restore the towers and P500,000 to repair each of the others. Military authorities view the destruction of the towers as part of a plan to derail the operation of the nuclear plant.

Ramos said no additional troops would be assigned to the province. The PC contingent and marine, army and air force troops there can well handle the situation, he said. Brig Gen Angel Mapua, acting chief of the central Luzon Regional Unified Command and commander of the PAF's [Philippine Air Force] 5th Fighter Wing, said the air force would continue providing air support for these troops. The NPA is blamed for at least 27 acts of atrocities against government troops, local officials and civilians, in the province since January, Col Jose Andaya, PC provincial commander, said.

#### NPA DENIES RESPONSIBILITY FOR REPORTER'S DEATH

HK120455 Hong Kong AFP in English 0413 GMT 12 Jul 85

[Text] Iloilo, Philippines, July 12 (AFP) -- Communist guerillas have denied any responsibility for the July 1 murder of a radio reporter in this central city and vowed to go after his killers, the victim's station said today. The denial and pledge were contained in three handwritten letters sent to the station apparently by the New People's Army (NPA) -- military wing of the Communist Party of the Philippines (CPP), Radio Bombo station official Rino Arcones said.

Mr. Arcones had disclosed on the air last night that the letters denied the NPA was behind the gunslaying of Eduardo Suete, 46, and two companions in a restaurant here. The killers left a note saying they were from the NPA. Mr. Suete was the 12th media man killed in the Philippines since 1984 in what was seen as a pattern of brutal slayings of provincial journalists. The NPA told Mr. Suete's killers to surrender within a week or risk being hunted down by its liquidation squads, said Mr. Arcones. He said the letters were sent to him over the past week, one by mail and two by unknown couriers.

Asked to comment on this development, Colonel Edmundo Larroza, Iloilo Provincial Constabulary Commander, told AGENCE FRANCE-PRESSE his investigators were checking the veracity of the alleged NPA statements. "Anybody could just send those letters and represent himself to be a member of the NPA," the official said.

#### MARCOS RELEASES DETAINED CEBU OPPOSITION LEADERS

HK110547 Manila Far East Broadcasting Company in English 2300 GMT 10 Jul 85

[Text] President Marcos yesterday ordered the release of detained Cebu opposition leaders [first name indistinct] Holganza Sr, his son [first name indistinct] Holganza Jr, and Ramon Albarca for humanitarian reasons. The Holganzas and Albarca were detained by the authorities on subversion charges. The release order was issued to Defense Minister Juan Ponce Enrile. The freed Cebu opposition leaders, however, will remain under the authority of the court where the charges against them have been filed. The president also resolved yesterday the feud in Cebu between the Durano and Gullas factions. He summoned the two feuding political leaders, Governor Eduardo Gullas and former representative Ramon Durano, to Malacanang for the reconciliation meeting.



RURAL CREDIT PROGRAM SEEN ON VERGE OF COLLAPSE

HK111544 Quezon City ANG PAHAYAGANG MALAYA in English 3 Jul 85 p 12

[By Benjie Guevarra]

[Excerpt] The government's rural credit programs, saddled with worsening loan defaults which reached P3.5 billion in early 1980s, may completely collapse soon mainly because of the farmers' "sheer poverty" and "dole-out mentality," three agriculture experts warned.

All 25 supervised lending schemes in the countryside are bound to fail unless serious efforts are taken to check the "monster of loan delinquency," according to Small Farmer Credit Dilemma, a disturbing book written by three farm credit specialists, including agriculture and food deputy minister Orlando Sacay.

Meliza Agabin, executive director of the Central Bank's technical board for agricultural credit [TBAC] and Chita Irene Tanchoco, ex-TBAC chief and presently a World Bank economist, co-authored this book which was launched two weeks ago during the sixth National Agricultural Credit Workshop in Tagaytay City. The authors claimed the farm credit "repayment debacle" is pushing more and more farmers to run to informal lenders or "usurers" who charge interest rates as steep as 200 percent per annum. All the program participants are to be blamed for creating this "monster," these experts said as they called for immediate government reforms to open up the flow of credit to the vital agricultural sector.

In an interview after the book's launching rites, Agabin bared that the sector's share of the government's total loan exposures plummeted from an average of 18 percent in the 1960s to a measly 8 percent in 1984. The sharp dip in the sector's share of total credit facilities has been aggravated by the worsening loan repayment rate to the government, which saw overdue loans soar from P2.8 in 1977 to P3.5 billion in 1980, the book experts said.

Several factors were claimed to have affected the repayment performance of the rural banks, whose overdue loans to the Central Bank rose by an alarming 40 percent, according to a confidential TBAC report, from P1.7 billion in 1983 to P2.35 billion last year. "Sheer poverty" is apparently the primary cause of loan defaults as gleaned from at least 9 government and private studies conducted since 1961, the book said.

Low income triggered the other problems of farmer-borrowers, particularly poor production and misapplication of loans and sales proceeds. They are heavily indebted because of their need for credit to cover up the "chronic" cash deficits and sustain subsistence levels of expenditures, explained the experts. A TBAC survey in 1977 reportedly showed that 30 percent of farmer-borrowers admitted having diverted production loans for family expenses such as food, medical care and education. Another major cause, they pointed out, is the "incipient dole-out mentality especially when the source of credit is known to be the government ... they know how eager the government is in raising production, or the politician in getting votes."

FOOD BLOCKADES IN MISAMIS CAUSING STARVATION

HK111604 Quezon City ANG PAHAYAGANG MALAYA in English 2 Jul 85 pp 1, 6

[By Marlen Ronquillo]

[Text] Food blockades meant to cut off food supplies to insurgents in Misamis Oriental have caused widespread food shortages and starvation there, Mindanao-based cause-oriented groups exposed yesterday. Letters sent to MALAYA said the food blockades started early this year and have paralyzed shipments of food to the remote, upland towns of Claveria and Balingasag in Misamis Oriental and other neighboring areas. The military is manning the food blockades and have ringed rebel strongholds in the uplands of Northern Mindanao with checkpoints to restrict the entry of foodstuff and basic supplies, the cause-oriented groups said.

Local government officials committed to the anti-insurgency campaign have been helping the military man the food blockades and checkpoints which have caused "untold sufferings" on their constituents, the cause-oriented groups there said. Para-military units and religious fanatics provided with arms by the military have been deployed in the checkpoints to harass concerned citizens who want to bring in food for the starving upland residents, the reports said.

The cause-oriented groups did not give any estimate on how many have been starving from the food blockades but said the number could run into several thousands. The food blockades have been complemented with the "creeping militarization" of the region apparently to curb the rising insurgency problem there.

Balingasag Mayor Porfirio Roa and Gingoog City Mayor Miguel Paderanga have been named among the local government officials heavily involved in the food blockade and un-orthodox anti-insurgency operations. The cause-oriented groups said even the transport of vegetables produced by the upland farmers have been virtually paralyzed by the food blockades. The cause-oriented groups reported each family in the uplands is only allowed to bring in five kilos per week by the check points ringing the rebel strongholds. Since five kilos is only enough for two days, most families in the upland towns survive on vegetables and root crops for the rest of the week.

Sometimes, the upland residents could slip in food supplies equivalent to their one-week need but only after bribing the military and the paramilitary units manning the checkpoints. The military has also banned small traders from selling food directly to the upland residents. This has forced the upland residents to buy food in the lowlands themselves, sometimes at a staggering cost of P 800 a month, the complaints sent to MALAYA said. The complaints said the virtual paralyzation of trade between the lowlands and the upland towns has contributed heavily to the depression in the remote farming areas. Leaders of cause-oriented groups have not been spared by the "creeping militarization," the complaints said.

Willy Alaban, a labor leader with the Nagkahiusang Namumuo sa Misamis Oriental, has been abducted and efforts to find him have proven futile. Jose Pabro, a peasant leader, was brutally murdered by killers with military connections, the complaints to MALAYA said. The anti-insurgency campaign waged by the military, para-military forces and local government officials in Misamis Oriental have also forced the migration of the upland residents to the urban centers. Hundreds of people fleeing the strife-torn upland towns have pitched camp in the urban areas in Cagayan de Oro City, living on dole-outs.

Reports filed by the Media Mindanao News Service said the military has engaged the communist insurgents in sporadic clashes since June 17 and 1,500 families caught in the crossfire have fled from their upland barangays. A three-month old baby was reportedly killed after fragments from mortar fires mangled her fragile body. A four-year-old girl died from shock during the heat of heavy shelling in Claverial last week. The evacuees, some of whom have settled temporarily in relocation centers, have complained of lootings, arrests and arson. The news service said the smell of gunpowder lingers heavily in the strife-torn barangays. The military has admitted it is using artillery and mortar shells to flush out the rebels.

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